Board of Directors Meeting Agenda

Date:	September 17, 2026
Time:	6:00 p.m.
Location:	SMUD Headquarters Building, Auditorium 6201 S Street, Sacramento, California

Powering forward. Together.

SMUD™

AGENDA

SACRAMENTO MUNICIPAL UTILITY DISTRICT
BOARD OF DIRECTORS MEETING
SMUD HEADQUARTERS BUILDING
AUDITORIUM – 6201 S STREET
SACRAMENTO, CALIFORNIA

September 17, 2026 – 6:00 p.m.

Virtual Viewing or Attendance:
Live video streams (view-only) and indexed archives of meetings are available at:
https://www.smud.org/Corporate/About-us/Company-Information/Board-Meetings/Watch-or-Listen-online

Zoom Webinar Link: Join SMUD Board of Directors Meeting Here
Webinar/Meeting ID: 165 244 5475
Passcode: 183038
Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Verbal Public Comment:
Members of the public may provide verbal public comment by:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing *9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

Written Public Comment:
Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to PublicComment@smud.org or by mailing or bringing physical copies to the meeting. Email is not monitored during the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

Call to Order.
a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

   a. Committee Chair report of September 8, 2026, Strategic Development Committee
   b. Committee Chair report of September 9, 2026, Policy Committee
   c. Committee Chair report of September 15, 2026, Finance & Audit Committee
   d. Committee Chair report of September 16, 2026, Energy Resources & Customer Services Committee

Item 6 was reviewed by the September 8, 2026, Strategic Development Committee. Items 7 through 9 and 12 were reviewed by the September 9, 2026, Policy Committee. Items 10 through 12 were reviewed by the September 15, 2026, Finance and Audit Committee.

Comments from the public are welcome when these agenda items are called.

Consent Calendar:

3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 26-04-08) for the period of August 16, 2026, through September 15, 2026.

4. Approval of the minutes of the special meeting of August 18, 2026.

5. Approval of the minutes of the regular meeting of August 20, 2026.

6. Authorize submission of a SMUD Round 6 grant application for a **California Strategic Growth Council Transformative Climate Communities (TCC) Program Grant (Grant)** and authorize the Chief Executive Officer and General Manager to negotiate and execute in the name of Sacramento Municipal Utility District a **Grant** recipient contract with the State of California as well as other **Grant** documents, including, but not limited to, agreements, amendments, and requests for payment, necessary to facilitate **Grant** participation. **Strategic Development Committee 9/8. (Joel Ledesma)**

7. Accept the monitoring report for **Strategic Direction SD-7, Environmental Leadership**. **Policy Committee 9/9. (Frankie McDermott)**

8. Approve proposed revisions to **Strategic Direction SD-7, Environmental Leadership**. **Policy Committee 9/9. (Frankie McDermott)**

9. Accept the monitoring report for **Strategic Direction SD-9, Resource Planning**. **Policy Committee 9/9. (Joel Ledesma)**

10. Approve contract change to Contract No. 4500043215 with **Kaiser Permanente** approving 2027 medical insurance premium rates and extending the contract by one year for the period January 1, 2027, through December 31, 2027; 2027 cost estimated at $43 million. **Finance and Audit Committee 9/15. (Jose Bodipo-Memba)**

11. Approve contract change to Contract No. 4500147540 with **United HealthCare Insurance Company** approving 2027 medical insurance premium rates; 2027 cost estimated at $48 million. **Finance and Audit Committee 9/15. (Jose Bodipo-Memba)**

* * * * * *

Discussion Calendar:

12. Discuss, with possible action, authorizing the Chief Executive Officer and General Manager to negotiate and execute contracts with proposers identified on the **Notice of Intent to Award** for **Request for Proposals No. 15735.KM** for Civil Annual Construction Services. **Policy Committee 9/9 and Finance and Audit Committee 9/15. (Laura Lewis)**

    Presenter: Joe Schofield

* * * * * *

Public Comment:

13. Items not on the agenda.

Board and CEO Reports:

14. Directors' Reports.

15. President's Report.

16. CEO's Report.
    a. Board Video

Summary of Board Direction

* * * * * *

Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

September 15, 2026	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium*	6:00 p.m.
September 16, 2026	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 6, 2026	Strategic Development Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 7, 2026	Policy Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 13, 2026	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 14, 2026	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.

* * * * * * *

***The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.**

<u>Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento</u>

October 15, 2026	Auditorium*	6:00 p.m.

***The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.**

Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.

Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the smud.org website or may call 1-916-732-6155 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Nicole.Looney@smud.org, or contact by phone at 1-916-732-6055, no later than 48 hours before this meeting.

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DRAFT

RESOLUTION NO. ________________

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 26-04-08) for the period of August 16, 2026, through September 15, 2026.

DRAFT

Sacramento, California

August 18, 2026

The Board of Directors of the Sacramento Municipal Utility District met in special session concurrently with the Board Finance & Audit Committee in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, and via virtual meeting (online) at 6:01 p.m.

Roll Call:

Presiding:	Nancy Bui-Thompson, Vice Chair of the Finance & Audit Committee
Present:	Directors Fishman (6:28 p.m.), Herber, Kerth, Tamayo, and Sanborn
Absent:	Director Rose

Present also were Lora Anguay, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

Committee Vice Chair Bui-Thompson turned to Discussion Calendar Item 1, to appoint the following persons who filed the only declaration of candidacy for SMUD Wards 4, 6 and 7 to serve on the SMUD Board of Directors for the four-year term commencing January 1, 2027, through December 31, 2030, pursuant to Section 11852.5 of the Public Utilities Code.

Ward 4 Rosanna J. Herber
Ward 6 Dave Tamayo
Ward 7 Heidi Sanborn

Ms. Lewis stated SMUD received a Certificate of Facts confirming that only one candidate filed in SMUD Wards 4, 6 and 7, and requested the SMUD Board appoint Rosanna Herber to Ward 4, Dave Tamayo to Ward 6, and Heidi Sanborn to Ward 7 for the four-year term commencing January 1, 2027, through December 31, 2030, and the Board would be acting at tonight's meeting.

No public comment was forthcoming on Discussion Calendar Item 1.

There being no discussion, Vice President Kerth moved for approval of Discussion Calendar Item 1, Director Bui-Thompson seconded, and

Resolution No. 26-08-01 was approved by a vote of 5-0, with Directors Rose and Fishman absent.

RESOLUTION NO. 26-08-01

WHEREAS, Section 11852.5 of the Public Utilities Code, provides that the county elections official shall submit a Certificate of Facts to the SMUD Board when no one or only one person has filed for candidacy in a particular ward by 5:00 p.m. on the 83rd day prior to the fixed day for the general election; and

WHEREAS, Section 11852.5 further states that, at the time that it submits the Certificate of Facts, the county elections official shall inform the Board that it may make an appointment if only one person has filed a declaration of candidacy for a ward; and

WHEREAS, the 83rd day prior to the day for the general election fell on August 12, 2026; and

WHEREAS, the county elections official has delivered a Certificate of Facts to SMUD stating that, as of August 12, 2026, only one person filed a declaration of candidacy for **Wards 4, 6 and 7** and requesting that the Board make an appointment; and

WHEREAS, the Board must make the appointment at a special or regular meeting on or before the 76th day prior to the general election; and

WHEREAS, making the appointment will save SMUD ratepayers the expense of an election in a circumstance in which the candidate was unopposed; and

WHEREAS, the Board convened on August 18, 2026, for the purpose, among other things, of making the appointment; **NOW, THEREFORE,**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

That this Board hereby acknowledges receipt of the Certificate of Facts set forth in **Attachment A** from the county elections official, and pursuant to Section 11852.5 of the California Public Utilities Code hereby appoints the following person to serve as a member of the SMUD Board of Directors for the

Ward indicated, and who shall take office and serve exactly as if elected at the general district election:

Ward 4	Rosanna J. Herber	January 1, 2027 – December 31, 2030
Ward 6	Dave Tamayo	January 1, 2027 – December 31, 2030
Ward 7	Heidi Sanborn	January 1, 2027 – December 31, 2030

Approved: August 18, 2026

INTRODUCED: DIRECTOR KERTH				
SECONDED: DIRECTOR BUI-THOMPSON				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE				X
BUI-THOMPSON	X			
FISHMAN				X
HERBER	X			
KERTH	X			
SANBORN	X			

Attachment A
to Resolution No. 26-08-01

COUNTY OF SACRAMENTO
VOTER REGISTRATION AND ELECTIONS
CERTIFICATE OF FACTS

STATE OF CALIFORNIA }
County of Sacramento } ss.

I, HANG NGUYEN, Registrar of Voters, do hereby certify that the number of nominees for the office of Sacramento Municipal Utility District, Ward 4 did not exceed the number of offices to be filled at the General Election held in the County of Sacramento, State of California on the 3rd day of November, 2026.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or ward, if elected by ward, requesting that the district election be held has not been presented to me.

In accordance with California Public Utilities Code §11852.5, I hereby request that the Sacramento Municipal Utility District board appoint to such office the following person(s) who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the General Election.

Director	Number of Positions:	1
	Number of Candidates:	1
	Name(s) of Candidate(s):	Rosanna J. Herber

I further certify that the conduct of the election and canvass of the ballots was, in every respect, in accordance with the election laws of the State of California.

IN WITNESS WHEREOF, I hereunto set my hand and affix the official seal of the County of Sacramento on this **14th day of August, 2026**.

Hang Nguyen
Registrar of Voters
County of Sacramento
State of California

COUNTY OF SACRAMENTO
VOTER REGISTRATION AND ELECTIONS
CERTIFICATE OF FACTS

STATE OF CALIFORNIA
County of Sacramento } ss.

I, HANG NGUYEN, Registrar of Voters, do hereby certify that the number of nominees for the office of Sacramento Municipal Utility District, Ward 6 did not exceed the number of offices to be filled at the General Election held in the County of Sacramento, State of California on the 3rd day of November, 2026.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or ward, if elected by ward, requesting that the district election be held has not been presented to me.

In accordance with California Public Utilities Code §11852.5, I hereby request that the Sacramento Municipal Utility District board appoint to such office the following person(s) who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the General Election.

Director	Number of Positions:	1
	Number of Candidates:	1
	Name(s) of Candidate(s):	Dave Tamayo

I further certify that the conduct of the election and canvass of the ballots was, in every respect, in accordance with the election laws of the State of California.

IN WITNESS WHEREOF, I hereunto set my hand and affix the official seal of the County of Sacramento on this **14th day of August, 2026**.

Hang Nguyen
Registrar of Voters
County of Sacramento
State of California

COUNTY OF SACRAMENTO
VOTER REGISTRATION AND ELECTIONS
CERTIFICATE OF FACTS

STATE OF CALIFORNIA } ss.
County of Sacramento

I, HANG NGUYEN, Registrar of Voters, do hereby certify that the number of nominees for the office of Sacramento Municipal Utility District, Ward 7 did not exceed the number of offices to be filled at the General Election held in the County of Sacramento, State of California on the 3rd day of November, 2026.

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or ward, if elected by ward, requesting that the district election be held has not been presented to me.

In accordance with California Public Utilities Code §11852.5, I hereby request that the Sacramento Municipal Utility District board appoint to such office the following person(s) who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the General Election.

Director	Number of Positions:	1
	Number of Candidates:	1
	Name(s) of Candidate(s):	Heidi Sanborn

I further certify that the conduct of the election and canvass of the ballots was, in every respect, in accordance with the election laws of the State of California.

IN WITNESS WHEREOF, I hereunto set my hand and affix the official seal of the County of Sacramento on this **14th day of August, 2026**.

Hang Nguyen
Registrar of Voters
County of Sacramento
State of California

Director Sanborn stated she believed it would cost quite a bit of money to put their names on the ballot, up to hundreds of thousands of dollars.

Ms. Lewis confirmed that was correct.

Director Sanborn stated she wanted the public to know that it is saving ratepayers money by not placing Wards 4, 6 and 7 on the ballot.

Committee Vice Chair Bui-Thompson then turned to Agenda Item 2, to discuss ratifying the Chief Executive Officer and General Manager's execution of an emergency direct procurement contract between SMUD and W.A. Chester America, LLC, in the amount of up to $2.5 million for fault line and transition joint repair work for the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault.

Eric Poff, Director of Substation Telecommunications & Metering Assets, provided a presentation on Agenda Item 2. A copy of the slides used in his presentation is attached to these minutes.

No public comment was forthcoming on Agenda Item 2.

Committee Vice Chair Bui-Thompson indicated that Agenda Item 3 would be postponed until later in order to allow Director Fishman's participation in the discussion.

Committee Vice Chair Bui-Thompson then turned to Agenda Item 4, to discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute a 20-year solar photovoltaic (PV) Power Purchase Agreement (PPA) between SMUD and Forefront Power, LLC, for a nominal 728.75 kWDC solar parking canopy located at Grant Union High School in connection with the Grant Union High School Solar+Battery Microgrid Project, with a scheduled commercial operation date of November 4, 2027, a pre-payment of $1 million and a price of $0.1547/kWh, substantially in the form attached.

Rachel Huang, Director of Distributed Energy Solutions, provided a presentation on Agenda Item 4. A copy of the slides used in her presentation is attached to these minutes.

John Weber stated it was a great idea to use solar over parking lots and stated his support for using it at a school. He questioned the orientation of the panels and noted his hope that they would be south or southwest to maximize generation during peak time. He requested that this be considered before taking action on the item.

Director Fishman arrived at 6:28 p.m.

Committee Vice Chair Bui-Thompson then turned to Agenda Item 5, to provide the Board with SMUD's financial results from the six-month period ending June 30, 2026, and a summary of SMUD's current Power Supply Costs.

George Vaughn, Interim Director of Accounting and Controller, provided a presentation on Agenda Item 6. A copy of the slides used in his presentation is attached to these minutes.

No public comment was forthcoming on Agenda Item 6.

With regard to Agenda Item 7, Internal Audit Services Reports: Status of Recommendations Report for Q2 2026, Green-e® Energy Annual Verification, and Low Carbon Fuel Standard, no clarifying questions were forthcoming.

No public comment was received for Agenda Item 7.

Committee Vice Chair Bui-Thompson then turned to Agenda Item 3, to discuss authorizing the Chief Executive Officer and General Manager to negotiate and award contracts to Sierra National Construction, Inc. and Doug Veerkamp General Engineering, Inc. (collectively, the Contracts) for Civil Annual Construction Services for the three-year period from September 1, 2026, through September 1, 2029, with two optional one-year extensions, for an aggregate not-to-exceed amount of $250 million across the Contracts.

Eric Poff, Director of Substation Telecommunications & Metering Assets, provided a presentation on Agenda Item 3. A copy of the slides used in his presentation is attached to these minutes.

Director Fishman requested the item to be placed on Discussion Calendar for the August 20, 2026, Board meeting.

No public comment was received for Agenda Item 3.

Committee Vice Chair Bui-Thompson then turned to Agenda Item 8, statements from the public regarding items not on the agenda, but none were forthcoming. She stated that written comments received on items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

Committee Chair Bui-Thompson requested the Summary of Committee Direction.

Ms. Lewis stated staff will confirm whether the California property tax exclusion for new solar construction has been extended. She stated there was a bill that would have extended the deadline, but it was held in committee in May 2026, and she will confirm that nothing has come up since then.

No further business appearing, Committee Vice Chair Bui-Thompson adjourned the meeting at 6:42 p.m.

Approved:

______________________	______________________
Committee Vice Chair	Secretary

Exhibit to Agenda Item #2

Discuss ratifying the Chief Executive Officer and General Manager's execution of an emergency direct procurement contract between SMUD and **W. A. Chester America, LLC**, in the amount of up to $2.5 million for fault line and transition joint repair work for the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting

Tuesday, August 18, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Overview

- On August 1, 2026, a fault occurred in the 115kV Station E to Station G Underground high-pressure oil filed (HPOF) cable fault and transition joint.
- W. A. Chester America, LLC (WA Chester) is one of a handful of contractors with the skillset to repair and install HPOF cable and associated components.
- Upon discovery, staff immediately took action to mitigate, and WA Chester will be able to mobilize crews to the site and begin repair work at the end of August 2026.
- This work is vital to ensure reliability of service and to onboard critical new load with a pressing need for service.

Cable Fault on Line 1 in Basement of Station G

- B Phase cable failure on August 1st at 11am in the basement of Station G. This is the same type of cable failure on the same line as last year.
  - SMUD Engineering is re-evaluating splice joint configuration alternatives
- Through prudent planning and stewardship, SMUD's Warehouse Operations has materials on-hand.
  - Staff is negotiating with materials supplier to add two additional years to material warranty
    - Current warranty is one year from installation
- Anticipate all repairs and testing to be completed by early October 2026 and Line 1 back in service.

Transition Joint Line 1 Fault in Basement of Station G

Requested Action

Ratify the Chief Executive Officer and General Manager's execution of an emergency direct procurement contract between SMUD and W. A. Chester America, LLC, in the amount of up to $2.5 million for fault line and transition joint repair work for the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault.

Exhibit to Agenda Item #4

Discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute a 20-year solar photovoltaic (PV) **Power Purchase Agreement (PPA)** between SMUD and **Forefront Power, LLC**, for a nominal 728.75 kWDC solar parking canopy located at **Grant Union High School** in connection with the **Grant Union High School Solar+Battery Microgrid Project**, with a scheduled commercial operation date of November 4, 2027, a pre-payment of $1 million and a price of $0.1547/kWh, substantially in the form attached.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting

Tuesday, August 18, 2026, scheduled to begin at 6:00 p.m.

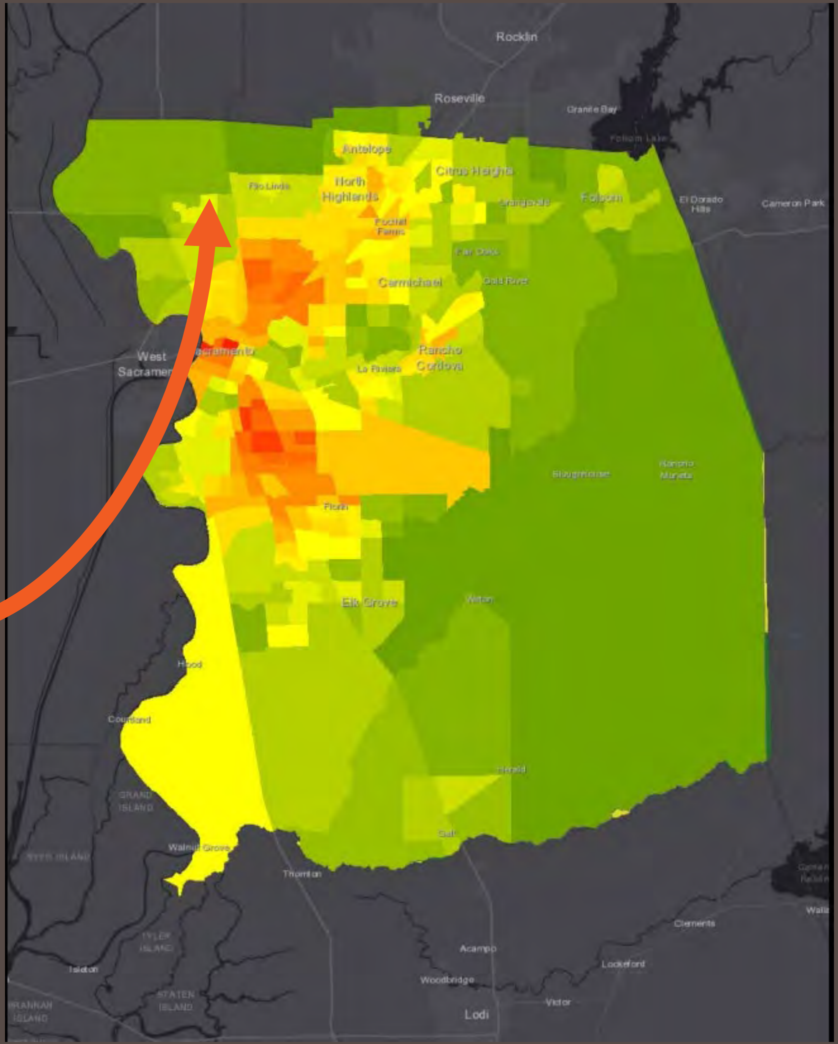
SMUD Headquarters Building, Auditorium

Grant Union Solar PPA

- In partnership with the Twin Rivers Unified School District, the Solar & Battery Microgrid (SBM) project will provide **clean energy** for community members, **dispatchable batteries** to support SMUD's grid during constrained, peak hours, and a **microgrid-powered** system to support the use of the school's gym and stadium as a shelter during extended power outages.

- The project is located in Grant Union High School in the Del Paso Heights neighborhood, where 30% of children live below poverty line.

- Located over two parking lots, the solar canopies will provide shaded parking to reduce urban heat islands.



SMUD®

Grant Union Project: Solar+Battery Microgrid

Normal Operation

- 1,100 MWh/year to Residential SolarShares
- 150 income-qualified customers
- Virtual Power Plant (VPP) dispatches to support the grid

Grid outages

- Islanded into a microgrid to support:
  - Emergency shelter as declared by the American Red Cross
  - School facilities

Solar PPA

- Energy
- Capacity
- PCC 1 RECs
- Renewable Energy Curriculum

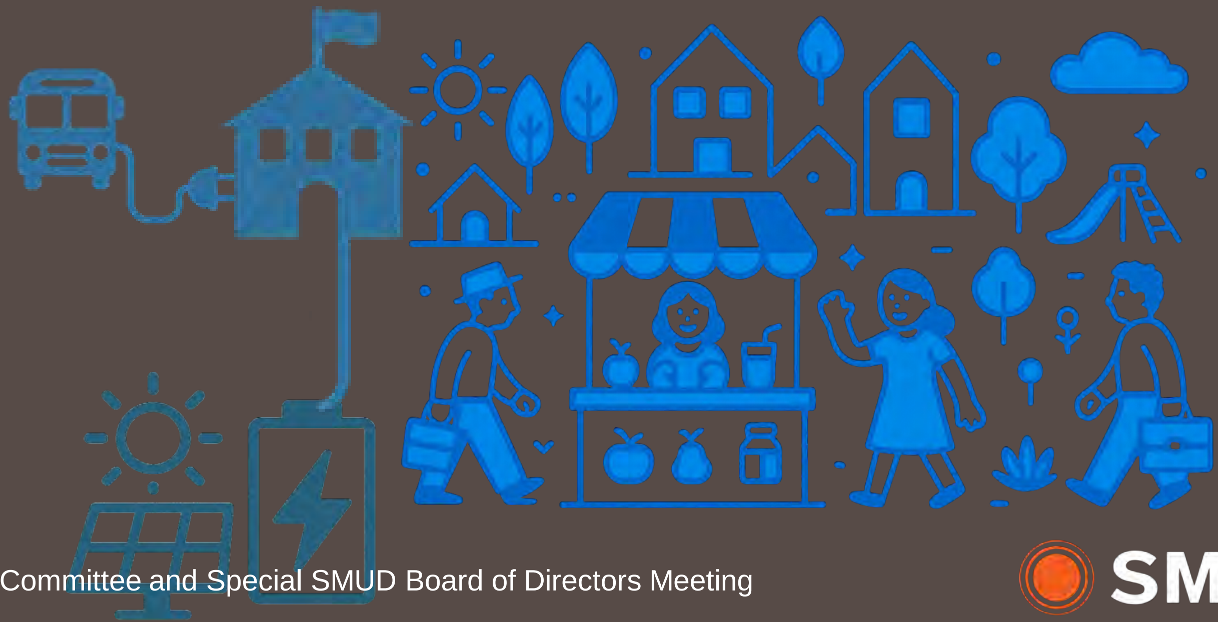
Long-term potential (to 2030)

Phase 1

Community solar and microgrid-powered shelter during prolonged outages or natural disasters

Phase 2

Support a better functioning resiliency center through V2B plug-in at strategic locations and economic empowerment activities.



SMUD®

Grant Union Solar PPA

Key Contract Terms:

- Installed Capacity: 730 kW_{dc}
- Solar Price: $0.1547 (Not-to-Exceed)
- Buydown: $1 Million
- Annual Cost: $170,000
- Scheduled COD: 11/04/2027
- Term: 20 years

Grant Union Solar PPA

About Forefront Power, LLC

Forefront Power, LLC, is a proven leader in commercial and industrial (C&I) solar development, with over **15 years of experience** and a portfolio exceeding **1.6 GW** of solar projects across the U.S. The company has successfully delivered hundreds of solar canopy projects for over 80 school districts and public agencies in CA, including award-winning installations for:

- **Tracy Unified School District Solar Energy Portfolio**
- **Fresno Unified School District Solar Energy Portfolio**

Both projects earned *Top Project of the Year* honors in 2024 from the **Environment + Energy Leader Awards** program.

SMUD®

Grant Union Solar PPA

Requested Action:

Authorize the Chief Executive Officer and General Manager to negotiate and execute a 20-year solar photovoltaic (PV) **Power Purchase Agreement (PPA)** between SMUD and **Forefront Power, LLC**, for a nominal 728.75 kWDC solar parking canopy located at **Grant Union High School** in connection with the **Grant Union High School Solar+BatteryMicrogrid Project**, with a scheduled commercial operation date of November 4, 2027, a pre-payment of $1 million and a price of $0.1547/kWh, substantially in the form attached.

Exhibit to Agenda Item #6

Provide the Board with SMUD’s financial results from the six-month period ending June 30, 2026, and a summary of SMUD’s current Power Supply Costs.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting

Tuesday, August 18, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

June 2026 Financial Highlights

$113
Million

"Net income"
Net position YTD
- *Higher compared to budget.*

$853
Million

Customer Revenues

$15 million or 1.7% higher revenues than budgeted
- Customer revenues are above plan, driven primarily by higher than planned residential sales.

$268
Million

Commodity Expenses

$6 million or 2.0% lower expenses than budgeted
- Commodity costs are under budget due to lower fuel costs resulting from reduced thermal generation and purchasing at lower market prices.

$507
Million

Other Operating Expenses

$29 million or 5.3% lower expenses than budgeted
- Customer service expenses are below budget due to timing of grant related expenditures and lower spending on transportation electrification.
- Transmission & distribution maintenance expenses are below budget due to lower costs for routine vegetation maintenance and substation maintenance.
- Public good expenses are below budget due to lower program participation, project timing, and reduced expense in building electrification portfolio.

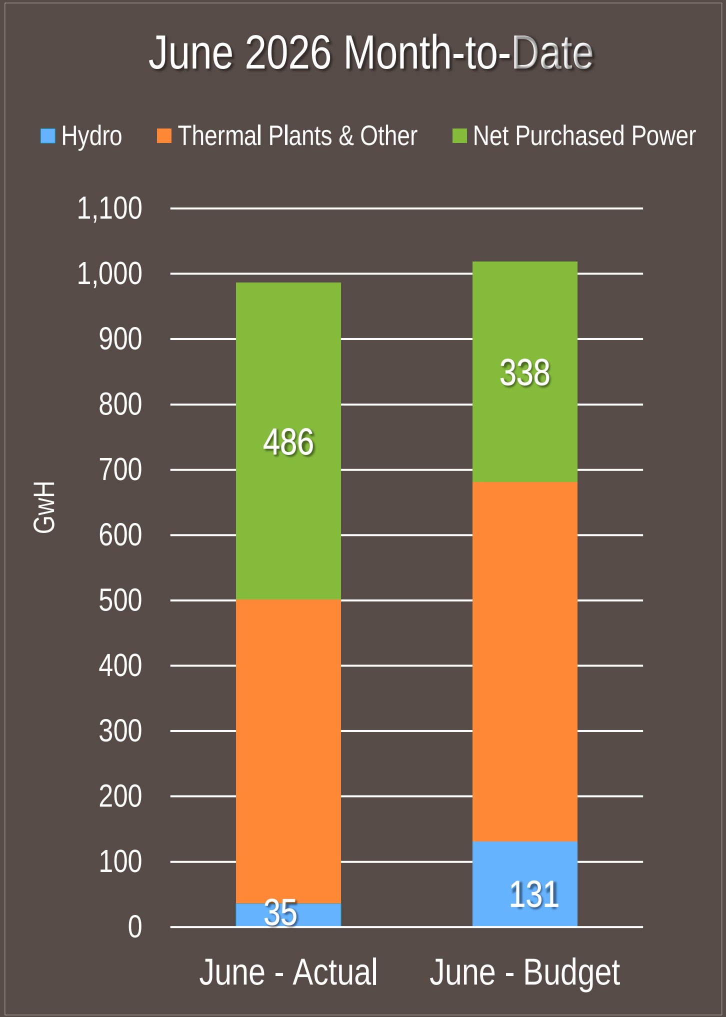
- *There are $35 million other net revenue not included in the highlights above*

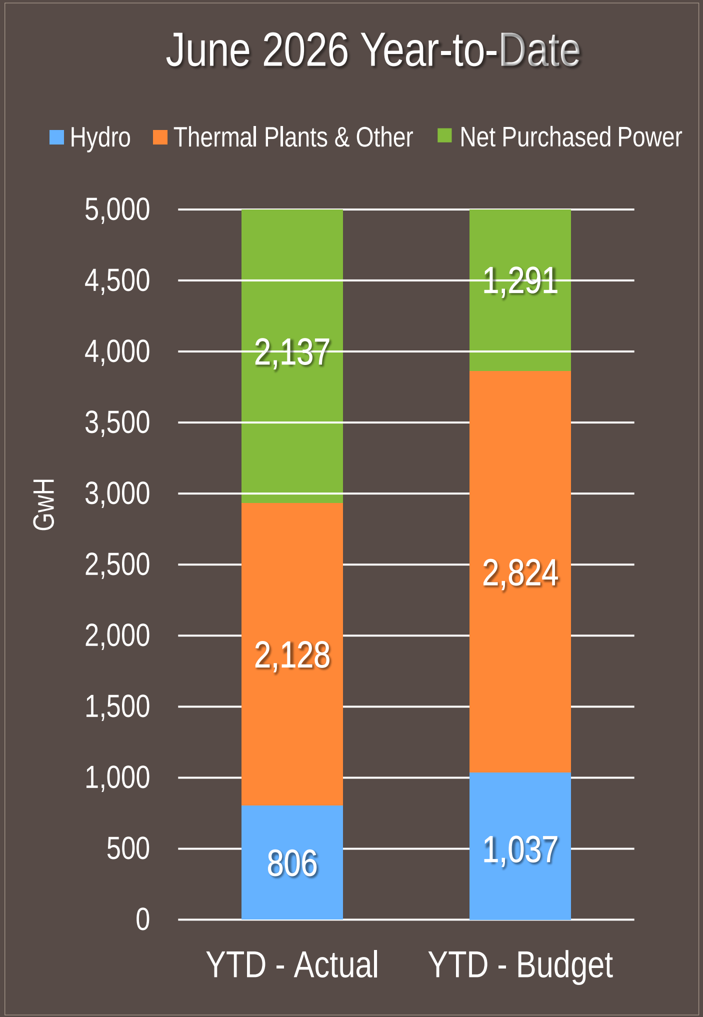
June 2026 Energy Sources

Hydro generation in June was 73% below budget due to low precipitation and lower-than-average snowpack, and 22% below plan year to date.

Thermal plants and other generation were 15% below budget in June and 25% below budget year-to-date, primarily because of lower purchased power prices.

Net purchased power exceed budget by 44% in June and 66% year-to-date, due to lower market power prices.

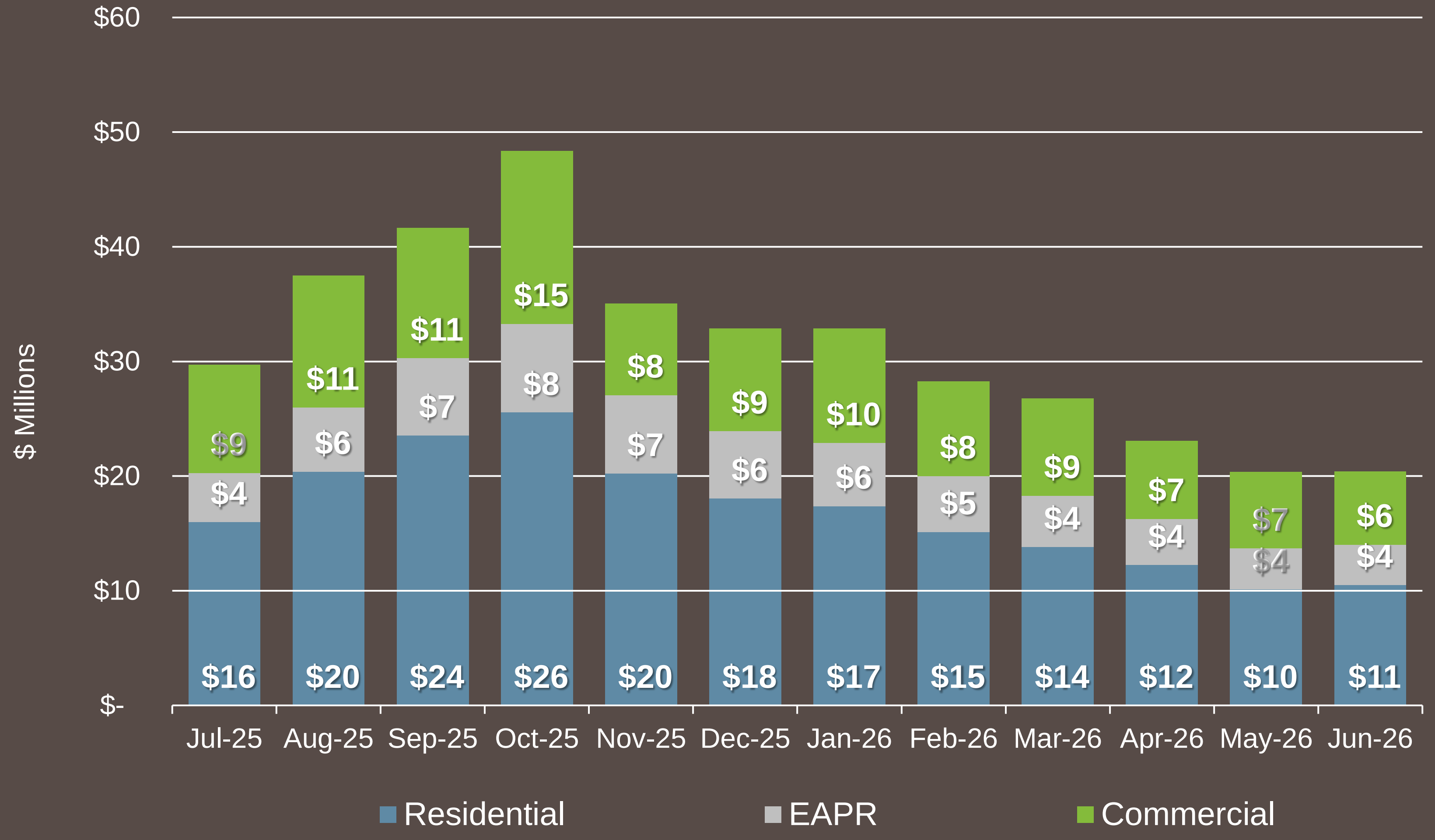




SMUD

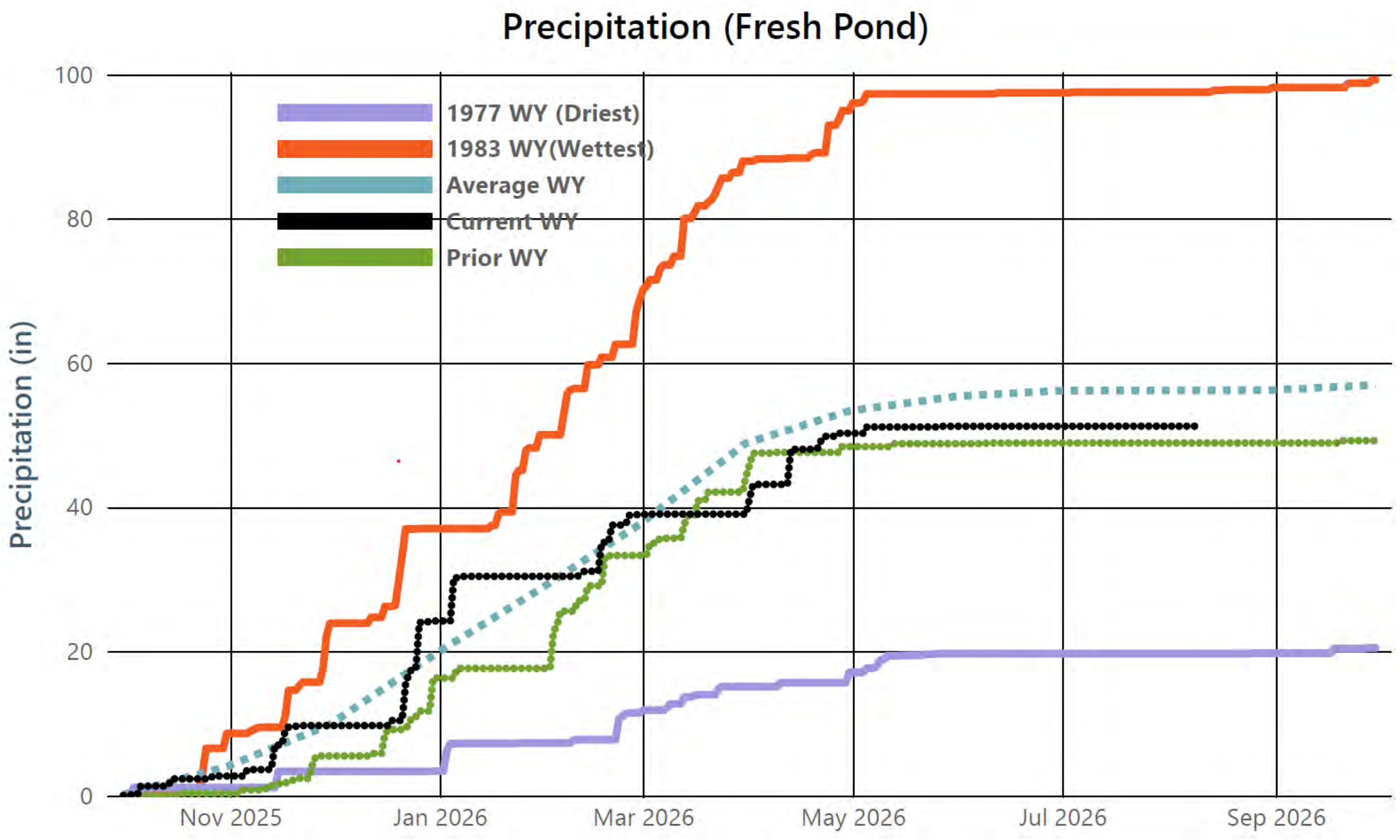
Delinquency by Account Type

As of June 30, 2026



Delinquency Summary as of 6/30/2026		
	Delinquency (millions)	Number of Customers
Residential	$10.5	114,291
Energy Assistance Program Rate (EAPR)	$ 3.5	23,586
Commercial	$ 6.4	8,653
All other (St. Lighting, Night Light, Agriculture)	$(0.1)	1,261
Totals	$20.3	147,791

Precipitation Levels
as of August 10, 2026

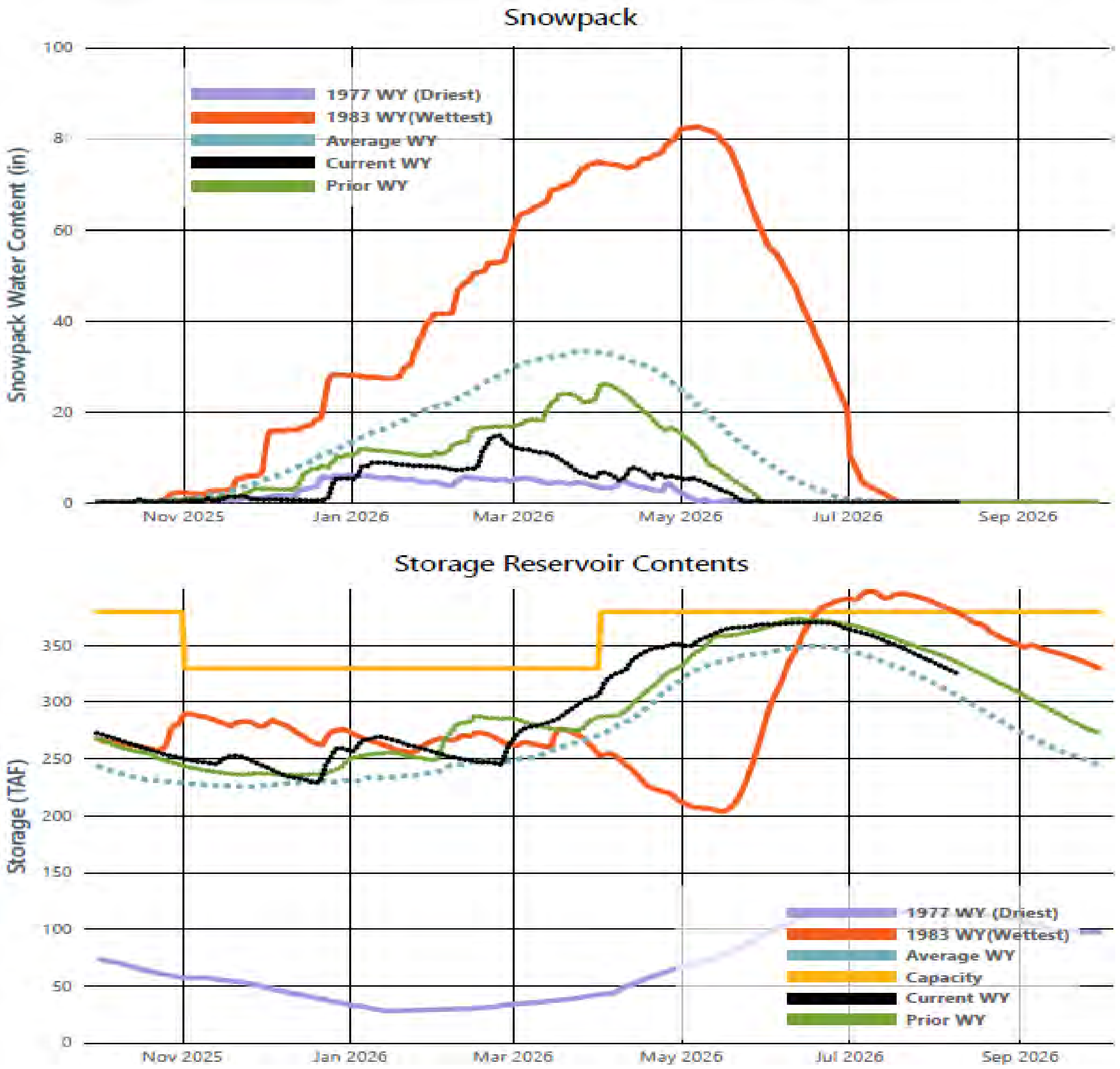


Precipitation Levels

The cumulative precipitation for the area is 51.2”, which is 91.2% of average to date (56.2”), and 90% of the entire water year average of 56.9”.

Water year is the 12-month period October 1st through September 30th, of the following year

Snowpack Water Content & SMUD Storage Reservoir Contents
as of August 10, 2026



Snowpack & Storage Reservoir

- The snowpack is 0% of average at selected snow sensors.
- The SMUD storage reservoirs are at 85.3% of full capacity.

SMUD®

Commodity Budget: Mitigations & Forecast

SMUD has in place financial mitigation tools that hedge against hydroelectric uncertainty

$80.9 Million	HRSF balance as of January 1, 2026
-$9.0 Million	HRSF withdrawal for Water Year, April 2025 through March 2026
$71.9 Million	HRSF balance as of June 30, 2026
$17.6 Million	WRSF balance as of January 1, 2026
$2.9 Million	WRSF deposit for Water Year, April 2025 through March 2026
$20.5 Million	WRSF balance as of June 30, 2026

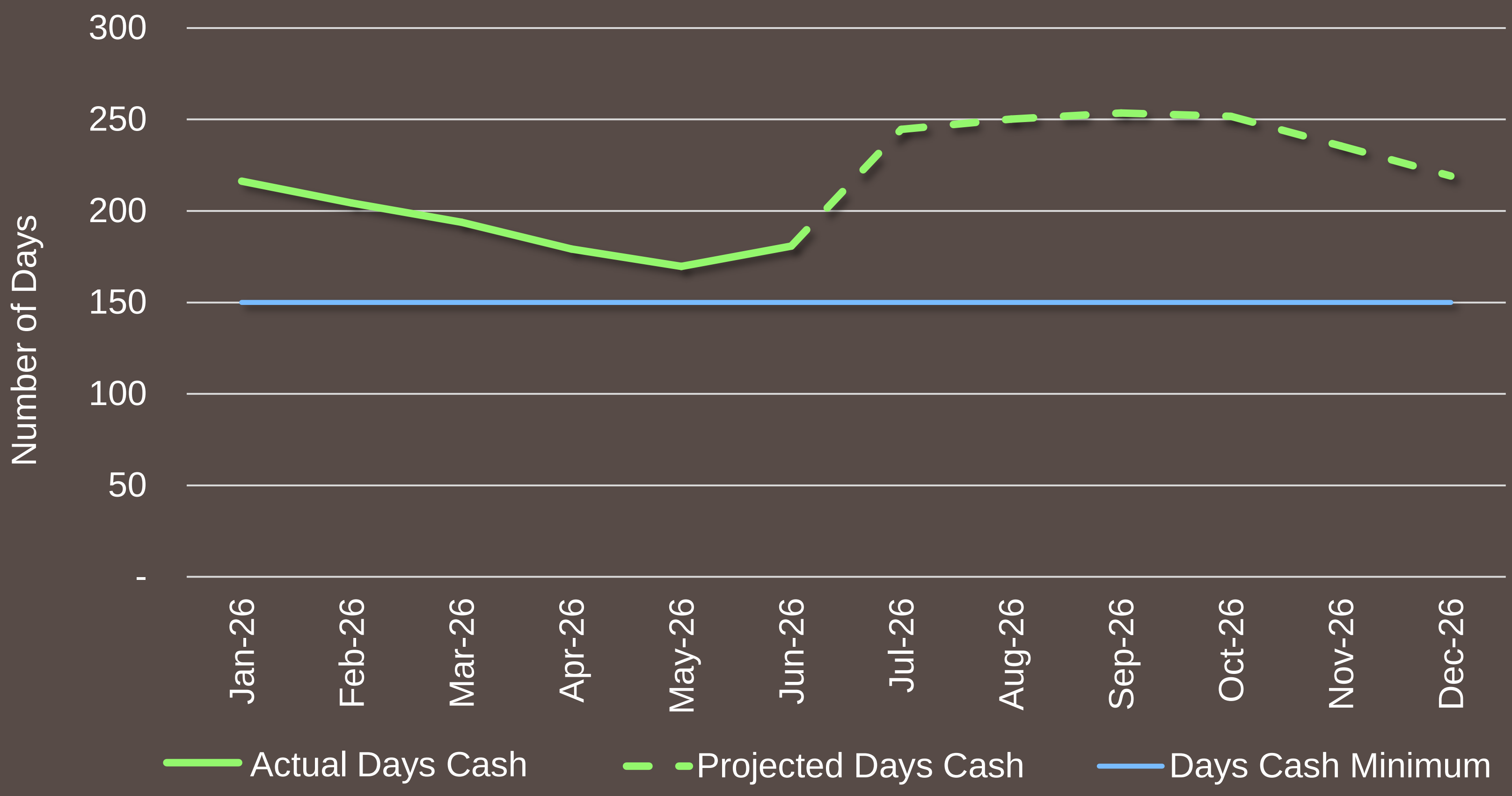
2026 Commodity Annual Costs as of June 30, 2026	
2026 Forecast	$604 Million
2026 Budget	$593 Million
Difference	$11 Million

Hydro Performance Annual Forecast as of June 30, 2026			
	UARP	WAPA	UARP + WAPA
2026 Forecast	1,342 GWh	768 GWh	2,110 GWh
2026 Budget	1,645 GWh	665 GWh	2,310 GWh
Variance	-303 GWh	103 GWh	-200 GWh

HRSF: Hydro Rate Stabilization Fund **WRSF**: Western Area Power Administration (WAPA) Rate Stabilization Fund **UARP**: Upper American River Project

Days Cash on Hand

As of June 30, 2026



Days Cash on Hand As of June 30, 2026		
June 30, 2026	Budget	159 days
June 30, 2026	Actual	181 days
Dec. 31, 2026	Budget	211 days
Dec. 31, 2026	Projected	219 days

Exhibit to Agenda Item #3

Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award contracts to **Sierra National Construction Inc.** and **Doug Veerkamp General Engineering Inc.** (collectively, the **Contracts**) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not to exceed amount of $250 million across the **Contracts**.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting

Tuesday, August 18, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Business Need

- Distribution and bulk substation civil construction and modifications
- General civil maintenance and new construction
- Construct new reinforced concrete foundations
- Install conduit duct banks
- Perform structural repairs
- Install or modify:
    - Electrical grounding systems
    - Fencing
    - Manhole access grates
- Grading and paving

Procurement Strategy

- Procurement implemented strategic changes to the Civil Annual Construction solicitation to address identified problems and reduce costs across labor, materials, and equipment categories:

Contract Baseline Rapidly increasing category spend informed need for longer-term planning	• Established 5-year (3-year base period, 2 optional 1-year extensions) and $250M contract from previous 3-year, $100M contract. • RFP scale help to expand competitive pool, attracting new bidders with market-driven rates *(e.g., Doug Veerkamp, rank 2, lowest cost bidder)*.
Craft Labor High blanket markups provided limited insight into drivers behind contractor costs	• Applied markup to base rather than prevailing wage, requiring detailed breakdowns for improved transparency. • Added superintendent position to improve visibility into "supervisory" overhead.
Equipment, Materials Rising markups on M&E did not provide adequate transparency into line-item costs	• Broke out highly utilized line items (e.g., Hydro Vac Truck, Large Size Excavator) from miscellaneous category to improve transparency and reduce markup costs.
Escalation Prior escalation mechanism led to annual increase requests	• Implemented index-based escalation formulas to mitigate above market and inconsistent annual escalations to equipment, materials, and labor

Procurement Strategy

- Proposals were solicited by an RFP to allow SMUD to award contracts on a best value basis.

- Criteria evaluated (commercial & technical):
  - Mandatory Pass/Fail Requirements
  - SEED
  - Company Experience and Qualifications
  - Personnel Experience and Qualifications
  - Safety
  - Environmental Sustainability
  - Commercial Terms (Price) and Compliance with SMUD's contractual terms

- SMUD staff conducted market outreach and engaged with contractors to notify them of the solicitation and confirm interest. 73 contractors were notified of the opportunity via SMUD's solicitation platform, Planet Bids. 20 contractors attended the Pre-Proposal Conference. 11 Proposals were received.

Procurement Award Outcome

Responsive Proposals Received	P/F	SEED Points 10	Technical Points 50	Price Points 40	Total Score 100	Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
Sierra National Construction, Inc.	P	10	44.25	37.54	91.79	1	$262,987,910	$250,000	$262,737,910	Not-to-Exceed $250 million Aggregate Amount of all Task Authorizations
Doug Veerkamp General Engineering, Inc.	P	10	41.88	38.00	89.88	2	$244,543,744	$250,000	$244,293,744	
Arrow Construction	P	10	45.00	34.24	89.24	3	$287,706,855	$250,000	$287,456,855	
Mountain G Enterprises, Inc.	P	10	41.88	35.16	87.03	4	$279,152,820	$250,000	$278,902,820	
Syblon Reid Contractors	P	10	40.38	35.50	85.88	5	$271,666,010	$250,000	$271,416,010	
Shimmick Construction Company, Inc.	P	10	37.00	32.15	79.15	6	$288,626,584	$250,000	$288,376,584	
Outback Contractors, Inc.	P	0.59	40.88	35.99	77.45	7	$255,423,639	$250,000	$255,274,216	
Lund Construction Co.	P	2.90	38.75	33.49	75.13	8	$271,794,143	$250,000	$271,544,143	
SR Diversified, LLC	P	-	30.00	38.68	68.68	9	$253,849,652		$253,849,652	
Underground Electric Construction Company, LLC	P	-	28.88	33.14	62.02	10	$257,996,241		$257,996,241	

Non-responsive Proposals Received	Comments
Wampler Solutions, LLC	Incomplete proposal.

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Recommendation

Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to Sierra National Construction Inc. and Doug Veerkamp General Engineering Inc. (collectively, the Contracts) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not to exceed amount of $250 million across the Contracts.

DRAFT

Sacramento, California

August 20, 2026

The Board of Directors of the Sacramento Municipal Utility District met in regular session simultaneously in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, and via virtual meeting (online) at 6:03 p.m.

Roll Call:

Presiding:	President Tamayo
Present:	Directors Rose, Bui-Thompson, Fishman, Herber, Kerth, and Sanborn

Present also were Lora Anguay, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, other members of SMUD's executive management; and SMUD employees and visitors.

President Tamayo shared the 2030 Climate Action Tip.

President Tamayo announced that Item 8 was moved to Discussion Calendar and then called for approval of the agenda, as revised. Director Herber moved for approval of the agenda as revised, Vice President Kerth seconded, and the agenda, as revised, was unanimously approved.

Director Sanborn, Chair, presented the report for the Strategic Development Committee meeting held on August 11, 2026.

Director Herber, Chair, presented the report for the Policy Committee meeting held on August 12, 2026.

Director Rose, Chair, presented the report for the Finance & Audit Committee meeting held on August 18, 2026.

Director Bui-Thompson, Chair, presented the report for the Energy Resources & Customer Services Committee meeting held on August 19, 2026.

President Tamayo then called for public comment for items on the agenda, but none was forthcoming.

President Tamayo then addressed the Consent Calendar consisting of Items 3 through 7 and 9 through 12. Director Fishman moved for approval of the Consent Calendar, Vice President Kerth seconded, and Resolution Nos. 26-08-02 through 26-08-09 were unanimously approved.

RESOLUTION NO. 26-08-02

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 26-04-08) for the period of July 16, 2026, through August 15, 2026.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

RESOLUTION NO. 26-08-03

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-13, Economic Development**, substantially in the form set forth in **Attachment A** hereto and made a part hereof.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

Attachment A
to Resolution No. 26-08-03

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** July 30, 2026

FROM: Claire Rogers CR 7/30/26

SUBJECT: **Audit Report No. 28008028**
Board Monitoring Report; SD-13: Economic Development

Internal Audit Services (IAS) received the SD-13 *Economic Development* 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Paul Lau

Board Monitoring Report 2025
Strategic Direction 13 (SD-13) Economic Development

1) Background

Strategic Direction (SD-13) Economic Development states that:

Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
b) SMUD shall align its economic development activities with regional economic development initiatives.
c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
d) SMUD shall offer economic development rates and program incentives.
e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

2) Executive summary

SMUD continues as a leader in efforts to strengthen the economic health of the greater Sacramento region. Our comprehensive Economic Development & Partnerships (EDP) strategy includes promoting SMUD's 2030 Zero Carbon Plan within regional initiatives, leveraging CIP funds to build partnerships in underserved commercial corridors, promoting and supporting innovation, offering diverse business development resources, and collaborating to secure funding to uplift communities and create living-wage jobs.

Key 2025 achievements include:

- A primary leadership role in the Sacramento Metro Chamber Cap-to-Cap regional advocacy program in Washington, DC, elevating the region's priorities on a national platform
- Collaborations to secure state funding aimed at creating living-wage jobs
- In-kind support and expertise to expand access to resources for entrepreneurs and businesses

We also increased accessibility to the Supplier Education and Economic Development (SEED) contracting program for small businesses, provided energy efficiency and electrification incentives, and strengthened partnerships with local agencies and nonprofits to foster community development. Additionally, we deployed resources to support sustainability plans that are measurable and replicable, ensured our service connection costs remain competitive with other West Coast utilities and provided expertise and facilitation for developer projects.

In 2025, we worked closely with over 50 local economic development organizations. These collaborations enabled us to attract, retain, and expand companies within our service territory, and foster a stronger, more equitable, and sustainable regional economy.

As this report demonstrates, in 2025, SMUD was in compliance with each of the goals for the year established in SD-13.

3) Additional Supporting Information

A. Promoting innovation while maintaining rate affordability & balancing other strategic directions

At SMUD, we know a strong entrepreneurial ecosystem fuels innovation, local job growth, and inclusive economic opportunity across Sacramento. While we don't invest directly in startups, we partner with and support nonprofit organizations that provide resources, mentorship, focused accelerators and networks to help entrepreneurs succeed and scale. SMUD's investment, subject matter expertise, and business community collaboration supported the work of these innovation and entrepreneurship partners, drawing over 11,833 attendees across 404 events, serving 2,645 startups, fostering 1,523 mentor matches and supporting 29 partnerships. See Appendix A for more information on a selection of these partnerships.

SMUD continues to effectively balance our goal of fostering innovation with our commitment to keeping rates low. SMUD's average rates remained competitive even after the adopted rate increases for 2025. In 2025, SMUD's average rate was 50.3% below PG&E, which includes their 3 rate changes in January, March, and September. For additional details on SMUD's competitiveness, see Appendix B.

SMUD aligned its grant funding activities with regional economic development activities by pursuing awards to fund planned work, research and development initiatives, and potential new business partnerships. This funding will directly help SMUD keep its rates low while also moving crucial projects forward with potential to economically benefit both SMUD and the larger region. In 2025, SMUD won, or brought under contract, a total of $28 million in grant awards for projects totaling $69.2 million and an average grant match of 63%. Additionally, SMUD wrote 23 letters of support or commitment for regional organizations and businesses, impacting approximately $17 million in potential awards.

B. Aligning economic development activity with regional economic development initiatives

In 2025, SMUD continued its strong tradition of leadership in regional economic development serving as a convenor, holding visible leadership roles, and driving the priorities of SMUD through these collaborations and alignment with our partners.

SMUD as a Convenor

- **Cap-to-Cap**: Sacramento Metro Chamber's Cap-to-Cap program is the largest and longest running advocacy program of its kind in the nation. It brings together business, civic, and elected leaders with the goal of advancing policies that strengthen our communities. In 2025, SMUD was the program chair, leading a 450-member delegation of elected, business and non-profit leaders from across the Sacramento six-county region (the largest delegation in the 53-year history of the program). Key initiatives under SMUD's leadership included work to realign regional policy priorities to best position our community to access federal funding under the Trump Administration and work to identify opportunities to incorporate SMUD priorities into policy team issue papers, including Workforce, Education, Economic Development as well as a stand-alone, energy issue paper under the Air Quality Team.
- **Business Advisory Council (BAC) & Economic Development Summit**: EDP continued to lead the BAC, hosting four quarterly meetings and a special networking event that connected business organization leaders with each other and with information on the SEED program, the 2030 Zero Carbon Plan, best practices, sponsored events, incentives, and commercial contracting opportunities.
- **Internal and External Study Missions**: As program chair of the regional Internal Study Mission, and steering committee member of the 2025 Metro Chamber Study Mission to Boston, Massachusetts, SMUD helped set the agenda and drive the dialogue with community leaders around key business issues promoting awareness of SMUD's 2030 Zero Carbon Plan and inclusive economic development priorities.

Visible Leadership Roles

- **California Jobs First**: SMUD continued to play a key role in Sacramento's regional implementation of the California Jobs First program by serving on its Leadership Council and through partnership and representation in its multi-pronged community outreach work. Branded locally as *We Prosper Together* and administered through Valley Vision, the inclusive economic development initiative's goal is to uplift communities, encourage investment in the region and create living-wage jobs. In 2025, *We Prosper Together* allocated its second tranche of Catalyst funding in the amount of $4 million to 11 projects across the eight-county region, a combined total of $9 million in total funding from 2024 - 2025. SMUD was also a recipient of a Catalyst Round I grant of $508,978 to host a regional technical advisory committee. For more information on SMUD's role and the grant received, see Appendix D.
- **Greater Sacramento Economic Council (GSEC)**: SMUD's partnership with GSEC is critical to the community contributing to regional prosperity by growing the economic base and serving a key role in the region's recruitment capability due to our affordability and reliability. SMUD was a central partner in improving regional readiness through the joint creation of and response to the economic development readiness report with GSEC and Valley Vision. In addition to Paul Lau's participation on the GSEC Board, SMUD's commercial development staff responds to Request for Information (RFI) proposals from the organization, and Commercial Development and Economic development staff participate in GSEC's Economic Development Directors' Task Force.
- **Regional Leadership**: Throughout 2025, SMUD staff held visible leadership roles in regional economic development initiatives and organizations, helping ensure regional stakeholders are working in concert on business development, attraction, retention and expansion efforts and that our efforts are aligned with regional priorities. For a list of these leadership roles, see Appendix D.

Partnering with and Investing in our Community

- **Small and Mid-size Business (SMB) Support**: SMUD's SMB team of Strategic Account Advisors continued to assist our customers by directing them to appropriate SMUD programs and services and educating them on SMUD's 2030 Zero Carbon Plan to ensure no business or community is left behind. For more details, see Appendix B.
- **Sustainable Business Certifications**: SMUD's partnership with the County of Sacramento Business Environmental Resource Center (BERC) resulted in the successful certification of 96 businesses in SMUD service area, of which 54 businesses (56%) were in underserved neighborhoods.
- **Property and Business Improvement District (PBID) Outreach**: In 2025, SMUD partnered with 14 PBIDs and participated in 69 outreach events with them. Through these collaborations, EDP conducted 14 of its 25 targeted business walks within these districts. EDP's outreach within these districts resulted in the approval of 13 business district electrification projects and 25 measures.
- **Sustainable Communities Program**: In 2025, SMUD's Sustainable Communities program invested $4.6 million in nonprofit partnerships to support economic development, regional workforce development, clean energy and STEM education, and customer resiliency in under-resourced communities.

C. Retaining, recruiting, & growing commercial & industrial rate-paying customers

Business Attraction

Business attraction is a key economic development focus, and SMUD has played an increasingly important role in business attraction, retention, expansion and in helping brand the region as an attractive place to do business. In 2025, SMUD participated in or supported:

- 28 business attraction, retention, and expansion projects within our service territory
- Attraction/expansion of 16 companies
- Creation of an estimated 987 local jobs in multiple sectors including advanced manufacturing, clean-technology, agriculture, and mobility

In 2025 global supply chain delays continued to impact SMUD's ability to purchase equipment, including some types of transformers, resulting in longer lead times. SMUD's Commercial Development team dedicated significant time and resources to managing a transformer issuance policy to ensure customers were electrically ready to receive their equipment. This impacted our work significantly on development projects throughout the service territory. Despite these challenges, SMUD actively engaged in 152 commercial, industrial, mixed-use and residential projects throughout our service territory. For more information, see Appendix E.

Regional Workforce Development

In 2025, SMUD continued working through the Regional Workforce Development Strategic Plan, training 4,041 people to position them for clean energy and other economic opportunities and facilitating the employment of 785 members of our community. This regional strategy has worked to galvanize and prepare the region with an inclusive, diverse, skilled, and empowered future workforce. Through the Regional Workforce Development Strategic Plan initiatives, SMUD supported 48 community partners to rapidly deploy workforce development and training throughout the Sacramento Region, with a high emphasis on bringing opportunities to under-resourced communities. By fostering a responsive career ecosystem, SMUD continued to close economic equity gaps, build the requisite workforce to meet SMUD's regional zero carbon goals, and attract new business investments to the region by supporting a skilled and work-ready workforce. For information on SMUD's Energy Career Pathways, see Appendix D.

Engaging Local Businesses

In 2025, SMUD's SMB team of Strategic Account Advisors (SAAs) made significant strides in engaging local businesses. SAAs served as trusted advisors, providing education on SMUD's programs, services, rates, and long-term vision while also offering technical assistance on topics such as infrastructure capacity, solar and storage, EVSE installation, and the benefits of electrification. The team collectively attended over two hundred community events including community gatherings, chamber of commerce meetings, and PBID-hosted events that resulted in 67 customer leads submitted by SAAs to SMUD's Complete Energy Solutions Program alone. Of the 67 leads, 35 have resulted in completed Go Electric HVAC and water heating projects. For more information, see Appendix D.

D. Economic development rates & program incentives

SMUD offers economic incentives to help attract new businesses and expand existing ones to grow the regional economy. Incentives range from helping design new construction to offering energy-efficient upgrades for equipment to proposing our Economic Development Rate (EDR), see Table 1.

Customers that exceed 299kW for three consecutive months may qualify for the EDR, which has multiple options for our customers, including a front-loaded discount to help reduce initial operating costs, or a fixed discount over the ten-year period. Customers located in a disadvantaged community have the same options, but with a larger discount.

Commercial incentives and technical support help customers implement new energy-saving equipment and make electrification modifications to their buildings. In 2025, SMUD invested $13 million in commercial incentives including heat pump space heating and cooling, domestic hot water, kitchen electrification, and vehicle electrification. Overall, 456 commercial projects received incentives for a combined total program energy savings of 17.84 GWh equivalent to 2,074 all-electric homes.

Table 1. Economic Development Rate

Size	Term	Industry Requirements	Job Requirements	Full Service Requirement	Discount
300 kW+	10 Years	No limitations	No minimum requirements	No	Two options for customers to choose: **Standard EDR** • Opt A: 6% for years 1-5; declining 1% per year for years 6-10 • Opt B: 4.5% for 10 years **Rate for Disadvantaged Communities** • Opt A: 8% for years 1-5; declining 1.5% per year for years 6-10 • Opt B: 6% for 10 years

E. Contracting program for certified small businesses who are rate-paying customers

SMUD's EDP team teaches local small businesses how to contract with SMUD through the SEED program. SEED offers incentives to local small businesses that participate in SMUD's competitive bid process, and helps prime contractors find local subcontractors, giving them a competitive edge when developing bids or proposals.

With focused outreach, engagement and by leveraging business partnerships, the SEED-qualified vendor base grew by over 4%, with registered SEED vendors representing 54% of all DGS-certified small businesses in the Sacramento region by the end of 2025. With SMUD's adoption of PlanetBids, prime vendors now have direct access to the SEED vendor portal, enhancing collaboration between large and small businesses on SMUD contracts. This eliminates the need for the EDP team to manually provide SEED vendor lists, streamlining the subcontractor search process and improving the overall experience for prime contractors.

Table 2. 2025 SEED Program Contracts

Award Type	Total Award ($)	Award Count	Percent of Program
SEED Prime	$ 67,867,142.25	28	69%
SEED Sub-Contractors	$ 29,952,986.21	81	31%
Total	$ 97,820,128.46	109	100%

In 2025, SMUD awarded 31.6% of its contracts to SEED-certified small businesses, surpassing the Board-established goal of 20%. SEED program participation grew by 36 new SEED vendors, with 109 SEED contracts awarded in 2025, totaling more than $97 million; see Table 2. For more information on SEED, see Appendix F.

4) Challenges

California's business climate, cooling economy and market instability, cost of doing business, decarbonization goals and regulatory standards present challenges to development. Permitting costs and delays pose barriers when market-leading companies seek to relocate from other states. SMUD continues to work with regional and state partners, such as GSEC, The Governor's office of Business and Economic Development (GO-Biz) and the California Association of Local Economic Development (CALED), to address the state and local regulatory challenges that limit our ability to attract or develop new businesses.

5) Recommendation

It is recommended that the Board accept the Monitoring Report for SD-13, Economic Development.

Appendix A– Promoting Innovation

Startup businesses & innovative new technologies are vital to creating an inclusive zero carbon economy. SMUD is an active supporter of this entrepreneurship ecosystem, collaborating with local non-profit organizations that offer training, maker spaces, networking, and mentorship to startups at no cost and connecting our internal expertise with partner organizations that support education and awareness. 2025 partnerships supporting the entrepreneurship ecosystem include but are not limited to:

- **CleanStart Inc.**: Building and supporting the clean technology ecosystem in the Sacramento region, CleanStart Inc. supports early-stage companies through education, access to capital, and connections to the networks they need to make their innovations commercially successful. In 2025, CleanStart directly supported 40+ early-stage companies through over 150 one-on-one coaching sessions and their Deep Dive Accelerator programs. A total of seven startups graduated, advancing their commercialization and capital readiness efforts and, with SMUD support, companies secured nearly $50 Million from Grants, Licensing Deals, Purchase Orders in 2025.
- **Made Here (Hacker Lab EDU)**: Providing multifaceted entrepreneurship support, Made Here serves as a Sacramento inclusive makerspace, coworking hub, and workforce development incubator. In 2025, Made Here successfully hosted 11 First Friday Maker Markets, featuring over 200 unique vendors and welcoming an average of more than 150 attendees per market. The majority of participating vendors are women and women of color, including graduates and current participants from MAKEHERS[1]. These markets directly support local entrepreneurship and contribute to economic stability for many low-income households.
- **InnoGrove**: Offering networking and educational workshops focused on startup and small business development, InnoGrove hosted 10 events reaching approximately 255 attendees. 2025 events included Women-in-Tech Workshops, Innogrove Startup Resource Directory, Startup Founder Workshops, and practice sessions for the Pitch Elk Grove Competition. A longer-term role for InnoGrove is to support startup businesses as they develop their products.
- **StartupSac**: Accelerating Sacramento's startup and innovation ecosystem, StartupSac educates, empowers, and connects startups to founders and innovators. 2025 efforts included three 12-week FastTrac cohorts serving 29 entrepreneurs and 24 in-person and 8 online events engaging over 1,600 participants. Approximately 110 individual startups were engaged across programming, with an estimated 85 receiving one-on-one mentoring support. StartupSac also co-hosted two Startup Challenge weekends with over 150 participants. Programming included cohort-based education, pitch events, mentoring sprints, and community convenings that support business formation and growth in Sacramento.
- **Startup Folsom**: Working to build Folsom's entrepreneurial and innovation community, in 2025, Startup Folsom held 22 events serving 575 attendees. Events included AI Meetups, Pitch Coaching sessions and workshops, and networking events for entrepreneurs. 29 Founders received mentoring support.
- **Growth Factory Nonprofit (GFN)**: An entrepreneurial development organization, GFN is dedicated to fostering innovation, accelerating high-growth startups, and preparing youth for workforce readiness. In 2025, GFN directly supported over 110 startups and small businesses and over 80 high school and community college students through intensive cohort-based programs focused on founder development and investment

[1] MAKEHERS is a SMUD-supported, women-led small business incubator that directly supported 12 women through a cohort intensive business training that included mentorship, and access to space and tools. MAKEHERS helped women turn creative skills into thriving businesses

readiness. GFN has begun scaling its youth entrepreneurship programs, including the launch of Project Atlas, a practitioner-led program hosted at Connect Labs Aggie Square in the Oak Park neighborhood of Sacramento.

- **Carlsen Center for Innovation & Entrepreneurship at Sacramento State**: Serving as a regional hub and platform for providing approachable and accessible entrepreneurial education, community and support, in 2025, the Carlsen Center for Innovation & Entrepreneurship hosted two Startup Challenges and Global Entrepreneurship Week (GEW). At the Startup Challenges, over 100 participants were supported in growing their ventures – 33 final pitches, $1 million in funding generated post sessions. GEW 2025 featured 20 discussions/panels, 2 pitch events, and 1 speed mentoring event, with approximately 700 attendees and an additional 150 reached through LinkedIn live and other virtual formats.
- **Sacramento Entrepreneurial Growth Alliance (SEGA)**: SMUD is a member of SEGA, a collaborative entrepreneurial ecosystem committed to growing entrepreneurial opportunity in the region. Key 2025 efforts include:
    - The NorCal Entrepreneur Hub, an online tool/platform connecting entrepreneurs to organizations, resources, and events, now highlights over 480 users, 340 organizations, and 500 resources.
    - The Inclusive Innovation Hub by the California Office of the Small Business Advocate (led by SEGA) – in 2025, its partnered programs supported over 152 businesses, saw $12.25M in equity financing raised, saw $1.05 million in non-dilutive capital raised, and activated $80K in equity investment through NorCal AngelCon.
- **Mike and Renee Child Institute for Innovation and Entrepreneurship (UC Davis)**: Developing impactful programs, expertise, and networks for community members interested in innovation and entrepreneurship, in 2025, the Mike and Renee Child Institute for Innovation and Entrepreneurship organized the 25th annual Big Bang! Business Competition, which awarded over $100,000 in grants to the winning teams from 75 participants. They hosted 13 events with 1,250 participants, providing 200 mentor matches. SMUD presents the Energy and Sustainability Award annually at the Big Bang Awards Celebration.
- **FourthWave**: An accelerator for women-led technology companies, FourthWave partnered with the Carlsen Center for Innovation & Entrepreneurship at Sacramento State to support 12 startups and 16 founders through targeted mentorship, curriculum, and investor access. In 2025, FourthWave strengthened the regional innovation ecosystem by hosting a community dinner, an investor pitch showcase, and four Community Forums designed to connect entrepreneurs with mentors, investors and peer learning. In collaboration with Aggie Square Connect Labs, FourthWave also co-produced the inaugural Women's Health Innovation Summit, spotlighting Sacramento's leadership in health innovation and public policy; the event exceeded expectations with more than 200 attendees. Collectively, companies from the 2024 and 2025 cohorts have secured more than $9 million in funding since completing the program, demonstrating FourthWave's effectiveness in accelerating high-growth ventures and strengthening the region's innovation economy.
- **Sacramento Entrepreneurship Academy (SEA)**: Supporting students and early startups from the Sacramento Region, in 2025, SEA supported 17 fellows through a rigorous, cohort-based entrepreneurship experience focused on venture development, mentorship, and real-world execution. Fellows formed six startup teams and were paired with a dedicated mentor who provided hands-on guidance throughout the program. Through structured workshops, expert-led sessions, and ongoing mentor engagement, teams refined their value propositions, tested market assumptions, and strengthened their go-to-market and growth strategies. The most successful team, *Low Prop Tax*, used the program to successfully pivot its business model. As a result, the company

secured a $500,000 grant and is thriving today. Another standout team, *Frontal Lobe*, has since raised $3.2 million in funding to support the growth of its social club concept.

- **EveryDay Creative Program**: Co-produced by CLTRE and Creative Startups, with support from The City of Sacramento's Office of Arts and Culture and SMUD, the EveryDay Creative Program empowers entrepreneurs within the creative economy through mentorship, tailored training, a storefront residency, and financial support transforming creative projects into impactful ventures. The Program hosted two Accelerators serving 36 Founder's, with 40 meetings and 700 attendees to foster innovation, entrepreneurship and business skills.
- **1 Million Cups Sacramento**: Part of the national initiative of the Ewing Marion Kauffman Foundation, 1 Million Cups Sacramento is operated entirely by local volunteers. The program provides a consistent, no-cost platform for entrepreneurial growth. Each week, two founders present their businesses to the community, receive strategic feedback, and build connections with mentors, peers, and potential partners. Prior to their presentation, they receive one-on-one mentoring. In 2025, 1 Million Cups Sacramento hosted 47 weekly programs — including 11 in-person/hybrid and 36 virtual sessions — engaging 891 attendees and supporting 67 early-stage founders.
- **Sacramento Valley Small Business Development Center (SBDC)**: Supporting local entrepreneurs and small businesses with the tools and insights to start, grow, and pivot their businesses, in 2025, SBDC served 1,106 entrepreneurs in Sacramento County. They also helped 79 entrepreneurs embark on their entrepreneurial journeys and supported 2,361 jobs. Last year, they hosted 64 training events, including a DGS SB/SMUD SEED workshop on August 6, 2026, with 14 small businesses in attendance.
- **Regional Small Business Utilization Center (RSBUC)**: Operating under the Sacramento Asian Pacific Chamber of Commerce, the RSBUC helps businesses connect with contract opportunities supporting and strengthening small businesses throughout Sacramento County. In 2025, RSBUC delivered 19 hybrid events—offered both in person and virtually—serving 1,150 businesses across the region and provided one-on-one coaching to 130 new small businesses to advance capacity, procurement readiness, and growth strategies. Among the seven in-person engagements hosted this year were Connect & Construct at the Kaiser Railyards jobsite; the Small/Underutilized Business (SUB) Summit; the SUB Basics Academy, which included two in-person sessions and a graduation; the Sierra College Construction Expo; and the Taking it to the Streets Career Fair in partnership with the Sacramento-Sierra Building and Construction Trades Council.
- **California Energy, Power, and Innovation Collaborative (CalEPIC)**: An accelerator for new technology that addresses energy and power needs, SMUD works with CalEPIC on a variety of workforce development and training programs that benefit the community and the region. Over the last three years, Cal EPIC has trained over 700 people in the Sacramento region with outreach conducted in partnership with SMUD and local community-based organizations serving under-resourced communities. More than half of those participants came to the programs with a high-school level educational attainment and a majority of trainees identified as a minority population.
    - SMUD provided a letter of support for the *Capital Charge Yard*, which was chosen by the California Energy Commission to be the first-of-its-kind EV Charger Testing Lab in California. Charge Yard will create an interoperability and conformance testing space that is publicly available to EVSE and EV manufacturers as well as researchers. It is expected to help with universal standard creation and study opportunities for bidirectional power (V2X). In addition to testing and research inside the Charge Yard, Cal EPIC will host five events a year (two testing events and three policy and non-testing events) to support EVSE advancements and operations.

- CalEPIC's Rivian Technical Trades Program is the first Rivian workforce development program for EV technicians that is not associated with a community college. It is one of five technical trades programs for Rivian in the country and the only program in California. This 15-week program selects people from the Sacramento community to become paid interns for Rivian while they learn skills for electric vehicle support. During this time, participants are paid $24 per hour and offered a job for Rivian if they meet all requirements of the program. Through 2025, the Cal EPIC and Rivian partnership trained over 30 people and had participants provided job offers in Sacramento, the greater Bay Area, Fresno, San Diego, Phoenix, Tempe, and Salt Lake City.

Appendix B - Commitment to Low Rates

SMUD continues to maintain rates that are below PG&E's, both at a system level and by rate class. Table 3 provides a detailed picture of the difference between SMUD's and PG&E's projected average rates by class in 2025 as well as the difference between rates in 2024. The competitive rate by class varies for the different customer classes and is at least 42.7% below comparable PG&E class average rates. Since the creation of the annual rate monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E.

Table 3. Comparison of SMUD's and PG&E's Projected Average Rates by Class

				Average Annual Rate		Difference below PG&E*	
Customer		**Rate Categories**		**PG&E**	**SMUD**		
Class	**Description**	**PG&E**	**SMUD**	**2025**	**2025**	**2025**	**2024**
Residential	Standard	E-1	TOD	$0.4218	$0.1975	-53.2%	-55.5%
	Low Income	CARE***	EAPR & EAPRMED**	$0.2466	$0.1321	-46.4%	-50.9%
ALL RESIDENTIAL				**$0.3566**	**$0.1888**	**-47.1%**	**-50.1%**
Small Commercial ****	<= 20 kW	B-1	GFN, CITS-0	$0.4326	$0.1931	-55.4%	-57.0%
	21 - 299 kW	B-6	CITS-1	$0.4287	$0.1782	-58.4%	-59.8%
Medium Commercial ****	300 - 499 kW	B-10	CITS-2, CITP-2	$0.3827	$0.1674	-56.3%	-58.3%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	$0.3359	$0.1551	-53.8%	-54.6%
Large Commercial ****	>= 1 MW	B-20	CITS-4, CITP-4, CITT-4	$0.2226	$0.1275	-42.7%	-43.4%
Lighting	Traffic Signals	TC-1	TS	$0.4300	$0.1519	-64.7%	-65.8%
	Street Lighting	Various	SLS, NLGT	$0.4631	$0.1783	-61.5%	-66.1%
Agriculture	Ag & Pumping	AG	ASN/D, AON/D	$0.3892	$0.1683	-56.8%	-58.2%
SYSTEM AVERAGE				**$0.3478**	**$0.1728**	**-50.3%**	**-52.2%**

***** 2025 average prices for SMUD with the rate increases effective 1-1-25 and 5-1-25. PG&E average prices in 2025 reflect rates effective 9-1-25, per Advice Letter 7684-E. The rate difference in year 2024 reflects PG&E average rates as of 10-1-24, per Advice Letter 7382-E dated 9-30-24, and SMUD rates effective 5-1-24.*

*** CARE vs EAPR includes EAPR & EAPRMED customers*

**** There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.*

***** Commercial rates include WAPA credits.*

Appendix C - Grants and External Funding Sources

SMUD actively pursues grant funding to expand SMUD's programming & investment reach while maintaining our low rates. Grants awarded & contracted in 2025 include:

- **California Energy Resilience and Reliability Infrastructure (CERRI) Grant**: $25.5 million award funded by the Federal Department of Energy and administered via the State California Energy Commission. The CERRI grant will pay for 192-230 network protectors as well as 210,000-280,000 circuit feet of underground cable. All work will be executed between 2026-2032 and supports economic development with reliable energy at reasonable rates.
- **Catalyst Fund - Capitol Region Skilled Trades Workforce Pipeline Grant**: $508,978 to host a regional technical advisory committee (TAC) gathered to develop utility-specific skills training curriculum. Further planning efforts include multi-agency joint utility-skills trainings and access to wrap-around services. Funding provided by the California Department of Industrial Relations was awarded to local economic development non-profit Valley Vision as prime, who then provided Catalyst Fund sub-grants to SMUD and others.
- **Golden Mussels Prevention Grant**: $91,161 Boating and Waterways grant provided by the California Department of Fish & Wildlife to prevent the spread of quagga and golden mussels at Rancho Seco Lake through the installation of a solar-powered boat washing and inspection station.
- **Gardenland Neighborhood Commercial Electrification Project**: $1.3M of residual ARPA funds awarded to the City of Sacramento as prime and the Sacramento Hispanic Chamber of Commerce (SHCC) as subrecipient. SHCC subsequently partnered with SMUD to deploy commercial electrification efforts in the Gardenland Neighborhood District.

Appendix D - Alignment with Regional Economic Development Initiatives

Leadership Roles

SMUD's leadership roles in regional economic development organizations included:

- 50 Corridor Transportation Management Authority, Board of Directors
- Business Environmental Resource Center, Advisory Committee
- CAAPS, Board of Directors
- California Jobs First / We Prosper Together
- California Foundation on Environment and the Economy, Board of Directors
- Capitol Area Development Authority, Board of Directors
- Capitol Black Chamber of Commerce
- Carmichael Chamber of Commerce, Board of Directors
- Citrus Heights Chamber of Commerce, Board of Directors
- Cleaner Air Partnership, Executive Committee
- Downtown Sacramento Partnership, Board of Directors
- El Dorado Chamber of Commerce
- Florin Square Community Development Corporation, Board of Directors
- Folsom Tourism and Economic Development Corporation, Board of Directors
- Greater Sacramento Economic Council, Board of Directors
- Greater Sacramento Economic Council, Economic Development Directors Task Force
- Greater Sacramento Urban League, Board of Directors
- Midtown Business Association, Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- Northern California World Trade Center, Board of Directors
- Power Inn Alliance, Board of Directors
- Placer County Economic Development Board
- Rancho Cordova Chamber of Commerce, Board of Directors
- River District (Sacramento), Board of Directors

- Roseville Chamber of Commerce, Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Internal Study Mission Chair Capital Black Chamber of Commerce, Board of Directors
- Sacramento Employment and Training Agency, Board of Directors
- Sacramento Hispanic Chamber of Commerce, Board of Directors
- Sacramento Hispanic Chamber of Commerce Foundation, Board of Directors
- Sacramento Metro Chamber of Commerce, Executive Committee
- Sacramento Metro Chamber Foundation, Board of Directors
- Sacramento Metro Chamber Study Mission, Steering Committee
- Sacramento State University, College of Business, Alumni Association Board of Directors
- Sacramento Works, Board of Directors
- Stockton Blvd. Partnership, Board of Directors
- Urban Land Institute, Executive Committee
- Valley Vision, Executive Committee

SMUD Leadership Impact Highlight: California Job's First – We Prosper Together

Through continued stakeholder engagement and coalition building, *We Prosper Together* laid the groundwork for sustainable progress, fostering alignment, shared vision, and measurable outcomes across the region's economic ecosystem. Key accomplishments in 2025 included,

- Launching the region's first Prosperity Index, which provided in-depth, actionable data on economic opportunity, workforce trends, and barriers to prosperity, serving as a foundation for evidence-based regional decision-making.
- A series of Regional Action Forums that brought together diverse stakeholders from business, education, government, and community organizations to develop targeted solutions around workforce development, small business recovery, and inclusive growth.
- An expanded small business support network, increasing access to technical assistance and capital for local entrepreneurs, particularly those from historically marginalized communities.
- New partnerships between educational institutions and employers, leading to pilot workforce training programs tailored to high-demand sectors such as clean energy and health care.

Partnering With and Investing in our Community

- **Energy Career Pathways**: In 2025, SMUD recruited and trained individuals from under-resourced communities in solar, battery, EV, and electrification technologies. Our 2025 training partners, Grid Alternatives, Northern California Construction and Training Inc., and Cosumnes River College, supported graduates with finding employment in the energy industry by connecting job seekers with employers, resume help, and career coaching. Our efforts closed the year with 202 individuals graduating and 61 being placed in relatively high-paying jobs and career paths.
- **Shine Program**: Now in its ninth year, the Shine program invests in nonprofit partners that deliver projects through collaborations that support historically under-resourced communities. Since its inception, the program has funded $4.8 million in projects. Each project requires a matching contribution from the partner organization, extending the overall impact in the community. In 2025, 22 nonprofit organizations received $534,000 in funding through the annual program. These projects aim to increase access to zero carbon workforce development, enhance energy and STEM education, implement energy efficiency improvements, and support affordability and community resiliency. In addition to the 22 funded organizations, 393 individuals participated in 14 informational and technical assistance sessions to learn about eligible projects and the application

process. A total of 104 organizations submitted applications, requesting more than $4.6 million in funding for competitive and high-impact projects.

- **Small and Mid-Size Business (SMB) Support**: Together, EDP and the Strategic Account Advisors (SAAs) worked to bring SMUD's Community Impact Plan funding to members of the Gardenland Northgate Neighborhood Association (GNNA), the Arden & Howe Business Alliance, and the River District. Staff presented and shared electrification information with hundreds of business owners and community members at several business walks, community workshops, and onsite meetings. The work resulted in the initiation of 79 CIP-funded business-electrification projects.
- **Electrification and Energy Efficiency**: Our Custom Retrofit, Complete Energy Solutions (CES), and Integrated Design Solutions (IDS) programs were well-positioned to lead electrification and energy efficiency projects for commercial customers in 2025. Commercial customers continued to take advantage of technical support along with a comprehensive list of incentive opportunities available through the commercial programs' suite of offerings catered by business type. Many commercial customers were able to install both energy efficiency and Go Electric measures where they received incentives for multiple types of projects and saved money while reducing their carbon footprint. Commercial program managers contributed and participated in quarterly Business Go Electric campaigns and community engagement events. Overall, the commercial programs completed 38 CIP projects with a combined total of 433 commercial projects.

Appendix E – Commercial Customer Growth and Attraction

The Commercial Development team partners with external stakeholders and local agencies to support the growth of commercial and industrial customers. Projects announced in 2025 included 16 companies and the creation/retention of 987 new jobs:

- **ALLDATA** – technology retention project based in Elk Grove (400 jobs).
- **BayoTech** – Clean technology company located in Sacramento County (10 jobs.)
- **Ample Electric, Inc.** – Clean tech retention project in the City of Sacramento (25 jobs).
- **Elior North America** – specializing in food & agriculture expanded its operations in Sacramento County (54 jobs).
- **Kagome GARBiC USA**– a food & agriculture company located to the City of Sacramento (3 jobs).
- **Kora Power** - CleanTech company located Rancho Cordova (75 jobs).
- **Kratos Unmanned Aerial Systems** – the manufacturing company expanded their operations in Sacramento and County of Sacramento (167 jobs).
- **Mackenzie, Inc.** – an advanced business services company located in the City of Sacramento (5 jobs).
- **MednRX** – a bio-life science company expanded in Rancho Cordova (3 jobs).
- **MesoTech International** – an advanced manufacturing company expanded in Rancho Cordova. (42 jobs).
- **Premier Packaging Products** – a manufacturing company located in the City of Sacramento (15 jobs).
- **Prime Data Centers** – the data center expanded their business in Sacramento County (30 jobs).
- **Polarity –** an advanced manufacturing company expanded their business in Rancho Cordova (30 jobs).
- **Project Golden** – a mobility company located in Sacramento County (83 jobs).
- **Qnetic** – a battery manufacturing company located to Sacramento County (15 jobs).
- **Shenzhen LP Display Technology Company** – a technology company located to Sacramento County (30 jobs).

Commercial Development: In 2025, our Commercial Development team actively engaged with approximately 152 commercial, mixed-use, and residential project developers throughout our service area. Highlights for the year include:

- Outreach to builders and developers on 2030 Zero Carbon program opportunities
- High-profile and critical projects include transitional and low-income projects, and transformational and major developments projects across our service territory (Aggie Square, UC Davis Folsom South Medical Clinic, Amazon's Rancho Cordova Distribution Center, Nivagen's expansion in Natomas, and St. Clare at Capital Park.
- Commercial development received a significant increase in prospective large load inquires, predominantly from data centers due to artificial intelligence (AI), as it requires significant power delivered from large data centers.

Appendix F – SMUD's SEED Program

Economic Development and Partnerships (EDP's) increased engagement by 28% through:

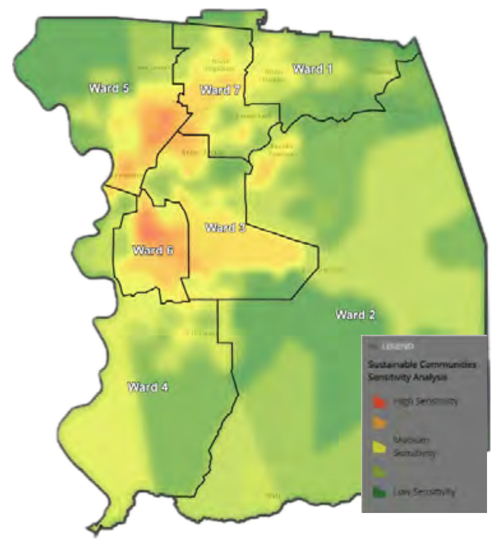
- 31 informational workshops
- Conducted SMUD outreach through 6 orientations or panel discussions
- Coordinating participation in 387 outreach events including 16 "How to do Business with SMUD," 9 "Proposal Writing 101" and 5 collaborative small business certification and SEED enrollment educational workshops
- Completing 25 business walks
- Transitioning to PlanetBids Vendor Portal, which vetted, refined and consolidated SEED vendor profiles and procurement solicitations within a single platform, creating a user-friendly platform, and reducing time spent on profile maintenance for SEED vendors. The new portal has streamlined processes, improved efficiency, and enhanced vendor participation and experience

As a result of these efforts, EDP educated more than 820 local vendors through our free educational workshops. The SEED team focused its efforts on the following key outreach initiatives:

- **Business Walks**: Economic Development and Partnerships conducted 25 business walks throughout the region with an emphasis on high-priority areas identified on the Sustainable Communities Resource Priorities Map. These business walks helped SMUD build trust through repeated customer outreach to more than 1,300 businesses, identify language barriers, promote Business District Electrification and increase SEED participation.
- **Expanded Education & Certification Support**: 2025 was the first full year EDP extended its three-part education series (How to do Business with SMUD, Proposal Writing 101 and DGS small business certification & SEED enrollment workshops) to local vendors and to members of our formal partnerships. As a result, EDP successfully introduced this free education to more than 800 local vendors.
- **Business Advisory Council (BAC):** SMUD's BAC helps champion a positive and strong relationship between SMUD and local small businesses, commercial and industrial customers. The BAC helps foster supplier diversity as well as a strong regional economy and improved quality of life. In 2025, approximately 149 SMUD contracts were awarded to members and affiliates of BAC member organizations, a 172% increase from the year prior and representing an estimated $207,678,020.05 in awarded contracts (including SEED and non-SEED recipients).
- **Economic Development Summit**: To further support regional business development, EDP facilitated its second annual Economic Development Summit, featuring partners who are key business leaders and offering insights into the region's economic health and strengthening collaboration among key stakeholders. Presenters included economic

development leaders from each jurisdiction within SMUD service area, GSEC and Aggie Square.

- **Meet the Buyers Conference**: SMUD's 14th Annual Meet the Buyers Conference returned in a hybrid format, attracting 328 attendees (259 in-person and 69 virtual attendees). The event featured a greeting by SMUD Board President, Gregg Fishman, two panel discussions and an expo of SMUD procurement and external business partner exhibitors. The event was well-reviewed by attendees and resulted in seven new SEED vendors registered and a 26% average increase in SMUD solicitation views.
- **SEED Marketing & Language Accessibility**: EDP added Pashto, Dari and Farsi to the growing list of in-language SEED materials. Now up to 13 languages, SEED material translations enhance accessibility and engagement and expand outreach to a broader audience.
- **Sustainable Communities Resource Priorities Map & Data-Driven Outreach**: SMUD's Sustainable Communities Resource Priorities Map helps inform resource allocation, reduce growing economic disparity in Sacramento County and ensures that all our customers are empowered and able to partner with SMUD on our journey to zero carbon. To support SMUD's commitment to an equitable clean energy transition, EDP integrated SEED awards and enrollment data into the Sustainable Communities Resource Priorities Map. The addition of SEED data helps SMUD identify enrollment and contract award trends by ward, enabling targeted outreach in areas with lower SEED participation.



- **SEED Quarterly Newsletter**: Economic Development & Partnerships relaunched the SEED newsletter in an updated format for SMUD employees to access through SharePoint. Content included SEED supplier success stories, recent contract awards, volunteer opportunities for SEED Ambassadors to promote the program at SMUD-sponsored event, and robust SEED program outcomes.

RESOLUTION NO. 26-08-04

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-14, System Enhancement**, substantially in the form set forth in **Attachment B** hereto and made a part hereof.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

Attachment B
to Resolution No. 26-08-04

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** July 30, 2026

FROM: Claire Rogers CR 7/30/26

SUBJECT: **Audit Report No. 28008029**
Board Monitoring Report; SD-14: System Enhancement

Internal Audit Services (IAS) received the SD-14 System Enhancement 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Paul Lau

Board Monitoring Report 2025
Strategic Direction
SD-14, System Enhancement

1. Background

Strategic Direction 14, the System Enhancement Board policy states that:

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of primary power lines below 69 kV.

a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:

   i) Identified, after consultation with SMUD, a specific system enhancement project;
   ii) Determined the project is in the public interest;
   iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
   iv) Obtained and provided SMUD with all easements necessary for the project.

b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):

   i) Project scale and/or cost when measured against available SMUD resources.
   ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
   iii) Extent to which the costs are borne by others.

2. Executive summary

The policy states that SMUD "*will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements.*" For 2025, this threshold was approximately $9.2 million.

SMUD **is in compliance** with SD-14, System Enhancement.

The planning and execution of SD-14 projects is typically a multi-year process that starts with a preliminary work scope that is used to determine a ballpark cost estimate, to the finalization of the work scope that includes a detailed design and detailed cost estimate. After necessary permits and easements are obtained, the project is released for execution/construction. Table 1 and 2 below show the committed projects, their status in 2025, and their design and construction schedules. The budget for these four multi-year projects were included in the approved operational plans and budgets.

Table 1: Committed Projects Completed in 2025

Local Jurisdiction	Project Title	Total Cost Estimate	2025 Project Budget	2025 Project Spend	Project Status
City of Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	$2,900K	$1,401K	$2,804K	Completed in Q3 2025

Table 2: Committed Projects in Progress

Local Jurisdiction	Project Title	Total Cost Estimate	2025 Project Budget	2025 Project Spend	Project Status
Sacramento County	Greenback Lane Road Improvements (0.8 miles)	$1,000K	$0K(a)	$13.5K	Design in 2026; Construction in 2028
City of Elk Grove	Elk Grove Blvd. Waterman to School St. (0.5 miles)	$1,500K	$643K(a)	$1.6K	Design in 2026; Construction in 2027
City of Sacramento	Arden Way Hesket Way to Morse Ave. (0.5 miles)	$750K	$0K(b)	$3.8K	Design in 2026; Construction in 2028

(a) The original schedule called for the project construction to start in 2022 but the local agency deferred construction to later years.

(b) New project approved in August 2024 for the City of Sacramento.

3. Additional supporting information

Since the adoption of the SD-14 policy, twelve projects have been funded through the policy for a total of $14.98 million. Table 3 below lists the projects completed by year.

Table 3: Completed Projects Since Policy Adoption

Local Jurisdiction	Project Description	SMUD Construction Completion	SMUD Project Cost
Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	2025	$2.92 M
Sacramento County	Fair Oaks Blvd Landis to Angelina (0.3 miles)	2021	$0.25 M
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 miles)	2021	$1.22 M
City of Sacramento	Sutter Village (~200 feet)	2019	$0.12 M
City of Sacramento	Ice Blocks Project R Street b/w 16th & 18th Streets (1,000 ft.)	2017	$0.47 M
Sacramento County	Hazel Avenue Phase 2 b/w Curragh Downs & Sunset Ave. (1 mile)	2017	$2.3 M
Sacramento County	Fair Oaks Blvd. b/w Landis Ave. & Engle Rd. (0.5 miles)	2016	$1.2 M
City of Sacramento	16th and O Streets (1,000 ft.)	2013	$0.3 M
Citrus Heights	Auburn Blvd. b/w Sylvan Corners & Rusch Park (1 mile)	2013	$2.6 M
Sacramento County	North Highlands Town Ctr. at Watt Ave. & Freedom Park Dr. (0.5 mile)	2012	$1.1 M
City of Sacramento	7th St. b/w North B & Richards Blvd. (1,500 ft.)	2012	$1.3 M
City of Sacramento	Richards Blvd. b/w North 5th & North 7th Streets (1,000 ft.)	2012	$1.2 M

4. Challenges

There were no challenges encountered with the implementation of the Board policy in 2025.

5. Recommendation

It is recommended that the Board accept the 2025 Monitoring Report for SD-14, System Enhancement.

6. Appendices

N/A

RESOLUTION NO. 26-08-05

WHEREAS, an emergency situation existed due to the unexpected fault in the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault and transition joint; and

WHEREAS, time is of the essence in repairing said cable fault to restore the line to service; and

WHEREAS, **W.A.Chester America, LLC (WA Chester)** is one of a handful of contractors in the world that has the skillset to repair and install HPOF cable and associated components; and

WHEREAS, **W.A. Chester** is familiar with the HPOF line and can provide the necessary resources, including expertise, required to minimize down time and move forward without delay to repair the underground cable fault and maintain system reliability; **NOW, THEREFORE**,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. This Board hereby ratifies the execution by the Chief Executive Officer and General Manager of an emergency direct procurement contract with **W.A. Chester America, LLC**, to provide labor and services necessary to repair the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault and transition joint, for the not-to-exceed amount of $2,500,000.

Section 2. The Chief Executive Officer and General Manager, or her designee, is authorized to make future changes to the terms and conditions of the contract that, in her prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

RESOLUTION NO. 26-08-06

WHEREAS, in November 2025, SMUD received a competitive offer from **Forefront Power, LLC (Forefront)** in connection with the **Grant Union High School Solar+Battery Microgrid Project (Project)** for a nominal 728.75 kW_{DC} solar parking canopy located at **Grant Union High School (Grant)**; and

WHEREAS, SMUD and **Forefront** negotiated a mutually beneficial Solar PV **Power Purchase Agreement (PPA)** for the parking canopy located at **Grant** under which SMUD will purchase energy, capacity, and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs), for a term of 20 years, with a scheduled commercial operation date of November 4, 2027, a pre-payment of $1 million, and a price of $0.1547/kWh; and

WHEREAS, the Solar PV system size is 728.75 kW_{DC} and will be paired with a 750 kW/2000 kWh battery energy storage system (BESS) installed by another third party under a separate contract with SMUD; and

WHEREAS, the **PPA** has a fixed price structure without escalation for the 20-year delivery term; and

WHEREAS, in partnership with the **Twin Rivers Unified School District (TRUSD)**, the **Project** will provide clean energy for community members, dispatchable BESS to support SMUD's grid during constrained, peak hours, and a microgrid-powered system to support the use of the school's gym as a shelter during extended power outages; and

WHEREAS, the system includes a solar canopy system that provides shade to the school's parking lot; and

WHEREAS, the school district and the local community benefit from this **Project** through a clean energy curriculum, local job creation, clean energy available for approximately 200 income-qualified residents in the neighboring community from SMUD's Residential SolarShares Program, shaded parking to reduce urban heat island, and a vehicle-to-grid (V2G)-ready communication system; and

WHEREAS, the **Project** will deliver approximately 1,100 MWh onto SMUD's distribution system annually and provide clean energy for approximately 200 income-qualified residents around the high school through SMUD's Residential SolarShares Program; and

WHEREAS, the price and other terms proposed in the **PPA** are commercially reasonable and benefit SMUD's ratepayers; **NOW, THEREFORE,**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. The Chief Executive Officer and General Manager, or her delegate, is authorized to negotiate and execute the **Forefront Power, LLC** solar photovoltaic **Power Purchase Agreement** for a 20-year term for a nominal 728.75 kW_{DC} solar parking canopy project located at **Grant Union High School** in connection with the **Grant Union High School Solar+Battery Microgrid Project**, with a scheduled commercial operation date of November 4, 2027, a pre-payment of $1 million, and a price of $0.1547/kWh, substantially in the form of **Attachment C**.

Section 2. The Chief Executive Officer and General Manager, or her delegate, is authorized to make future changes to the terms and conditions of the contract that, in her prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

Attachment C
to Resolution No. 26-08-06

POWER PURCHASE AGREEMENT

BETWEEN

SACRAMENTO MUNICIPAL UTILITY DISTRICT

AND

FOREFRONT POWER, LLC

DATED: ___________________________, 2026

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EXHIBITS:

POWER PURCHASE AGREEMENT
BETWEEN
SACRAMENTO MUNICIPAL UTILITY DISTRICT
AND
FOREFRONT POWER, LLC

This POWER PURCHASE AGREEMENT (the "Agreement") is made and entered into this __________ day of __________, 2026 ("Effective Date"), by and between the Sacramento Municipal Utility District ("SMUD"), and FOREFRONT POWER, LLC, a Delaware limited liability company ("Seller"). SMUD and Seller are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties".

A. Seller desires to interconnect and operate a solar photovoltaic system as described in Exhibit A ("Facility") with the SMUD Distribution System. Seller intends that, once constructed and commissioned, the Facility will qualify as a renewable energy generation resource.

B. The Parties wish to enter into this Agreement for the sale and purchase of Energy, Capacity, Capacity Attributes, and Environmental Attributes from the Facility directly to SMUD's distribution system.

C. As part of the transaction under this Agreement, SMUD has agreed to provide a $1 million prepayment to buy-down the Contract Price, to be paid upon achieving Commercial Operation.

D. This Agreement requires Seller to be a retail customer and to obtain retail electrical service from SMUD to serve all electrical loads at the premises identified in Exhibit A, except as otherwise permitted under SMUD's tariffs. This Agreement does not constitute an agreement by SMUD to provide retail electrical service to Seller. Such arrangements must be made separately between SMUD and Seller.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, and of other good and valuable considerations, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definition of Terms

Actual Annual Solar Insolation: The actual amount of solar insolation at the Site for each Contract Year, as reflected in the Solar Irradiance Data obtained from Solar Anywhere or other mutually agreeable third party, or derived using another mutually agreeable mechanism.

Adjusted Annual Energy Production or "AAEP": The Annual Energy Production adjusted for energy that was not delivered to SMUD. Any impact on production due to Force Majeure or curtailment of the Facility by SMUD shall adjust the AEP according to the following formula:

Adjusted Annual Energy Production =

AEP + Energy that could have been generated by the Facility and delivered to SMUD but for

i. Force Majeure,

ii. any curtailment of the Facility as a result of a System Emergency or as directed by SMUD, or

iii. breach or default under this Agreement by SMUD (without consideration to the giving of notice and/or lapse of time).

Adjusted Expected Annual Energy Production or "AEAEP": The Expected Annual Energy Production adjusted for Actual Annual Solar Insolation according to the formula set forth in the definition of Expected Annual Energy Production (EAEP). Any variance in the annual solar insolation from typical annual solar insolation shall adjust the EAEP according to the following formula:

Adjusted Expected Annual Energy Production (AEAEP) = EAEP * WPR.

Agreement: This Power Purchase Agreement.

Annual Energy Production or "AEP": For any particular Contract Year, the Annual Energy Production is equal to the total amount of Energy (as expressed in MWh) generated by the Facility and delivered to SMUD.

Ancillary Services: Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's transmission system in accordance with Good Utility Practice.

Bankrupt: Shall mean with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it which is not withdrawn or dismissed within ninety (90) days following such filing, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

Business Day: Any Monday through Friday, inclusive, but excluding days that are observed as business holidays by either Party or days that are NERC Holidays.

CAISO: The California Independent System Operator Corporation or its successor.

CAISO Balancing Authority Area: The system of transmission lines and associated facilities that is operated by the CAISO and for which the CAISO has operational control and responsibility for grid reliability.

CAISO Tariff: Shall mean the CAISO, Fifth Replacement FERC Electric Tariff (Open Access Transmission Tariff), as it may be amended, supplemented or replaced (in whole or in part) from time to time.

California Energy Commission or "CEC": The agency responsible for certifying eligible renewable resources and tracking the procurement of such resources.

California Renewables Portfolio Standard or "RPS": The standard, codified in Public Utilities Code (PUC) Sections 399.11 through 399.20, and Public Resources Code (PRC) Sections 25740 through 25751, as may be amended from time to time.

Capacity: The instantaneous ability of a generator to produce Energy (real power) at a specified output. Capacity is measured in megawatts ("MW") AC or kilowatts ("kW") AC.

Capacity Attributes: Any current or future defined characteristic, certificate, tag, credit, or Ancillary Service attribute, whether general in nature or specific as to the location or any other attribute of the Facility, intended to value any aspect of the Contract Capacity of the Facility to produce energy or Ancillary Services, including, but not limited to, any accounting construct so that the full output of the Facility may be counted toward a Resource Adequacy requirement or any other measure by an entity invested with the authority under federal or state law, to require SMUD to procure, or to procure at SMUD's expense, Resource Adequacy or other such products. Notwithstanding the foregoing, Capacity Attributes do not include Environmental Attributes or Tax Attributes.

Commercial Operation: The period of operation of the Facility once the Commercial Operation Date has occurred.

Commercial Operation Date: The date specified in the Commercial Operation Date Confirmation Letter on which the Facility shall conform to the requirements for Commercial Operation.

Commercial Operation Date Confirmation Letter: A letter that the Parties execute and exchange in accordance with this Agreement, the form of which is attached as Exhibit E.

Commercially Reasonable Efforts: When capitalized, has the meaning given in Section 3.1.2.

Contract Capacity: The Contract Capacity (as described in MWac) is the maximum amount of Capacity that shall be provided from the Facility to SMUD at the Delivery Point. Contract Capacity is measured at the Delivery Point and is net of any Station Service Loads, any applicable Facility step-up transformer losses, and where applicable, transmission and distribution losses up to the Delivery Point.

Contract Price: The price paid by SMUD to Seller for Energy, Capacity, Capacity Attributes, and Environmental Attributes from the Facility. The Contract Price for the Products is shown in Exhibit B.

Contract Year: Any of the one-year periods during the Delivery Term, with the first Contract Year commencing on the Commercial Operation Date and expiring twelve (12) months after the last day of the first calendar month in which the Commercial Operation Date occurs, and each subsequent Contract Year commencing on the applicable anniversary of the first day of the first calendar month after the Commercial Operation Date occurs.

Cost: Cost has the meaning set forth in Section 8.4.

Cure Plan: Cure Plan has the meaning set forth in Section 8.3.4.

Cure Plan Year: The Contract Year addressed by the Cure Plan following the two (2) consecutive Contract Year period in which Seller has failed to perform under Section 8.3.4.

Delay Damages: The compensation paid by Seller to SMUD due to a failure of Seller to meet the Scheduled Commercial Operation Date pursuant to Section 2.3.7.

Delivery Point: The specified physical point of interconnection of the Facility to the SMUD Distribution System, as identified in Exhibit A, where SMUD accepts title to the Products as described herein.

Delivery Term: The period of the Agreement from the Commercial Operation Date through the full term of the Agreement as defined in Section 2.3.1.

Dispatchability: The ability of a generating unit to be shut down, or have decreased generation, at the request of a utility's system operator. "Dispatch" shall mean to cause the output from a generating unit to be curtailed (in whole or in part) or to terminate the curtailment (in whole or in part) of such generating unit.

Distribution Service: Service provided by SMUD that utilizes SMUD's Distribution System, either to deliver power to retail electric customers, and which may be used to transmit power from the Facility to the SMUD's high voltage transmission system.

Electric System: The integrated electric generation, transmission, and distribution facilities owned or controlled by an electric utility.

Eligible Renewable Energy Resource or "ERR": An Eligible Renewable Energy Resource as defined in California Public Utilities Code Section 399.12 and California Public Resources Code Section 25471, as either code may be amended or supplemented from time to time, as defined in the CEC Renewables Portfolio Standard Eligibility Guidebook, as may be amended or supplemented from time to time.

Energy: Electrical energy delivered with the voltage and quality required by SMUD in accordance with the Interconnection Agreement, and measured in megawatt-hours (MWh) or kilowatt-hours (kWh).

Environmental Attributes: All Environmental Attributes and Green Attributes, as those terms are defined in D.08-08-028 of the California Public Utilities Commission, as may be amended, and all renewable energy credits as that term is defined under Section 399.12 of the California Public Utilities Code, as may be amended, all Renewable and Environmental Attributes as defined by WREGIS, as well as any credits, carbon benefits, carbon emission reductions, carbon offsets or allowances, howsoever entitled, attributed to the electrical energy produced at the Facility recognized under Assembly Bill 32 Global Warming Solutions Act of 2006, as may be amended. Notwithstanding the foregoing, Environmental Attributes do not include Capacity Attributes or Tax Attributes.

Expected Annual Energy Production or "EAEP": The Energy that the Facility can be expected to produce during a typical year of operation, factoring in typical weather patterns, expected fuel availability, etc. The EAEP for each Contract Year is set forth in Exhibit C.

Facility: The anaerobic digester(s), electric generator(s) and associated equipment from which the Products delivered or scheduled hereunder shall be generated.

FERC: The Federal Energy Regulatory Commission or any successor government agency.

Financing Party: as applicable (i) any Person (or its agent) from whom Seller (or an affiliate of Seller) leases the Facility, (ii) any Person (or its agent) who has made or will make a loan to or otherwise provides financing to Seller (or an affiliate of Seller) with respect to the Facility, or (iii) any Person acquiring a direct or indirect interest in Seller or in Seller's interest in this Agreement or the Facility as a tax credit investor or purchasing the tax credits from the Facility.

Forced Outage: An unplanned outage of one or more of the Facility's components that results in a reduction of the ability of the Facility to produce Energy, and that is not the result of a Force Majeure.

Force Majeure: An event or circumstance that prevents or delays the ability of one Party from performing obligations under this Agreement, and which is not in the reasonable control of, or the result of negligence of, the Party claiming Force Majeure, and which the claiming Party is unable to overcome or cause to be avoided by the exercise of due diligence. Force Majeure shall include the following events, to the extent consistent with the prior sentence: (a) an act of nature, riot, insurrection, war, explosion, labor dispute, fire, any effect of unusually severe natural elements (including flood, earthquake, volcanic eruption, storm, tornados, hurricanes, fires, lightning, tsunami, backwater caused by flood, explosion, or other natural disaster or weather-related events), act of the public enemy (whether declared or not), terrorism, or epidemic; or (b) interruption of transmission or generation services as a result of a System Emergency (and not congestion-related or economic curtailment) not caused by the fault or negligence of the Party claiming Force Majeure and reasonably relied upon and without a reasonable source of substitution to make or receive deliveries hereunder, civil disturbances, strike, work stoppage, sabotage, labor disturbances, labor or material shortage, national emergency, court order or other action by a public authority or governmental agency that prevents a Party from fulfilling its obligations under this Agreement (excluding, with respect to any claim by SMUD, any action or inaction of the SMUD Board of Directors, and excluding any court order or action applied for or assisted in the application for, and not opposed to the extent reasonable by, the Party claiming Force Majeure). Under no circumstances shall either Party's financial incapacity, Seller's inability or failure to maintain the Facility's status as a Eligible Renewable Energy Resource, Seller's ability to sell Energy, Capacity, Capacity Attributes, or Green/Environmental Attributes at a more favorable price or under more favorable conditions or SMUD's ability to acquire Energy, Capacity, Capacity Attributes, or Green/Environmental Attributes at a more favorable price or under more favorable conditions or other economic reasons constitute an event of Force Majeure. The term "Force Majeure" does not include Forced Outages to the extent such are not caused or exacerbated by an event of Force Majeure as described above, nor does it include Seller's inability to obtain financing, permits, or other equipment and instruments necessary to plan for, construct, or operate the Facility.

Integral Station Service Load: That subset of Station Service Load that is so integrated with the Facility design that it is not feasible for SMUD to meter and serve such demand during Facility operations on a stand-alone basis.

Interconnection Agreement: The agreement between SMUD and Seller specific to the interconnection of the Facility to the SMUD Distribution System.

Interconnection Facilities: The equipment and facilities as described in more detail in the Interconnection Agreement specific to the interconnection of the Facility to the SMUD Distribution System.

Interest Rate: Shall be the lesser of (a) 4% plus the "prime rate" of interest as published on that date in the *Wall Street Journal*, and generally defined therein as "the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks," or if the *Wall Street Journal* is not published on a date for which such interest rate must be determined, the "prime rate" published in the *Wall Street Journal* on the nearest-preceding date on which the *Wall Street Journal* was published, or if the *Wall Street Journal* is no longer in publication, such other similar interest rate reasonably agreed to by the Parties, and (b) the highest rate permitted under applicable law.

Maximum Hourly Energy Delivery: The maximum Energy (MWH) that SMUD will make payment for in any hour, which is equal to Contract Capacity * 1 hour.

Minimum Annual Energy Production or "MAEP": The amount equal to 90% of the Expected Annual Energy Production (EAEP) for each Contract Year as set forth in Exhibit C.

Monthly Settlement Amount: Shall have the meanings set forth in Sections 1.1.1 and 2.4.1(a).

MWh (Megawatt-hours): A unit of energy measurement corresponding to 1,000 kilowatt-hours.

NERC: The North American Electric Reliability Corporation, or any successor organization.

NERC Holidays: Days that NERC establishes as holidays for electric energy trading.

NP-15: The zone within the CAISO Balancing Authority Area designated as North of Path 15 by the CAISO for congestion settlement purposes.

NP-15 EZ Gen Hub Price: The real-time hourly locational marginal price as published by the CAISO for generator transactions in the NP-15 zone of the CAISO.

Party/Parties: SMUD and Seller are referred to individually as a "Party" and collectively as "Parties."

Person: An individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, firm, or other entity, or a governmental authority.

Planned Outage: An outage that has been scheduled in advance of one or more of the Facility's components that results in a material reduction of the ability of the Facility to produce Energy.

Portfolio Content Category 1 or "PCC-1": Renewable energy comprised of Energy and Environmental Attributes meeting the criteria defined by the CEC Renewables Portfolio Standard Eligibility Guidebook, for Portfolio Content Category 1, as may be amended or supplemented from time to time, and meeting any applicable regulations promulgated by the CEC.

Products: The Energy, Capacity, Capacity Attributes, and Environmental Attributes that are generated by the Facility and delivered to the Delivery Point under this Agreement.

Project: means the development, design, engineering, procurement, construction, installation, ownership, operation and maintenance of the Facility, together with all interconnections, appurtenant systems, improvements and associated equipment necessary or useful for the generation and delivery of the Products under this Agreement.

Prudent Utility Practice: Those practices, methods and acts that would be implemented and followed by prudent operators of electric energy generating facilities in the Western United States, similar to the Facility, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with prudent business practices, reliability, and safety. Seller acknowledges that the use of Prudent Utility Practice by Seller does not exempt Seller from any obligations set forth in this Agreement.

Prudent Utility Practice includes, at a minimum, those professionally responsible practices, methods and acts described in the preceding paragraph that comply with manufacturers' warranties, restrictions in this Agreement, the interconnection requirements of SMUD, the requirements of governmental authorities, and WECC and NERC standards.

Prudent Utility Practice also includes taking reasonable steps in accordance with the first sentence of this definition to ensure that:

a) Equipment, materials, resources, and supplies, including spare parts inventories, are available to meet the Facility's needs;

b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Facility and emergencies whether caused by events on or off the Site;

c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long-term and safe operation of the Facility, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;

d) Appropriate monitoring and testing are performed to ensure equipment is functioning as designed;

e) Equipment is not operated in a reckless manner, in violation of manufacturer's guidelines or in a manner unsafe to workers, the general public, or the connecting utility's Electric System or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and equipment and components are designed and manufactured to meet or exceed the standard of durability that is generally used for similar electric energy generating facilities operating in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Site and under both normal and emergency conditions.

<u>Real-Time Price</u>: Shall mean the Resource-Specific Settlement Interval LMP as defined in the CAISO Tariff. If there is more than one applicable Real-Time Price for the same period of time, Real-Time Price shall mean the price associated with the smallest time interval.

<u>Renewable Energy Credit or "REC"</u>: A certificate of proof issued by WREGIS that an Eligible Renewable Energy Resource has generated one megawatt hour (MWh or 1,000 kWh) of electricity. A REC shall also have the same meaning as in California Public Utilities Code Section 399.12(h). Currently RECs are used to convey Environmental Attributes associated with electricity production by a renewable energy resource. For purposes of this Agreement, the term REC shall be synonymous with bundled or unbundled renewable energy credit, tradable renewable energy certificates, WREGIS certificate, or any other term used to describe the documentation that evidences the renewable and Environmental Attributes associated with electricity production by an Eligible Renewable Energy Resource.

<u>Resource Adequacy</u>: A requirement by a governmental authority or in accordance with its FERC-approved tariff, or a policy approved by a local regulatory authority, that is binding upon either Party and that requires such Party procure a certain amount of electric generating Capacity.

<u>RPS Certification</u>: A certification by the CEC that the Facility is eligible for the purposes of the California Renewables Portfolio Standard, and that all Energy produced by the Facility, net of Station Service Load, qualifies as generation from an Eligible Renewable Energy Resource.

<u>RPS Compliance Cap</u>: When capitalized, has the meaning given in Section 3.1.2.

<u>Scheduled Commercial Operation Date (SCOD)</u>: The planned Commercial Operation Date of the Facility set forth in <u>Exhibit A</u>.

Scheduling: The act of producing, or relating to the production of, a schedule for the delivery, production or use of Energy, Capacity, Ancillary Services and/or distribution or transmission that is in compliance with applicable requirements.

Seller: The Party so identified in the preamble of this Agreement, and its permitted successors and assigns.

Site: means the location of the Facility.

SMUD: The Sacramento Municipal Utility District.

SMUD Distribution System: The wires, transformers, and related equipment used by SMUD to deliver electric power to SMUD's retail customers typically at sub-transmission level voltages or lower.

SMUD Revenue Meter: A revenue meter operated by SMUD that determines the amount of Energy produced by the Facility.

SMUD Service Territory: The geographical area in which SMUD is the provider of Distribution Service, which includes, as of the date hereof, virtually all of Sacramento County and a small part of neighboring Placer County.

Solar Irradiance Data: Data used for measuring solar insolation comprising global horizontal irradiance (GHI, W/m^2), diffuse horizontal irradiance (DHI, W/m^2), and direct normal irradiance (DNI, W/m^2), and as otherwise agreed upon by the Parties.

Station Service Load: The electrical loads associated with the operation and maintenance of the Facility that may at times be supplied from the Facility Energy.

System Emergency: Any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission or distribution facilities or generation supply or that could adversely affect the reliability or integrity of the Bulk Electric System, SMUD Electric System, or an Electric System owned or controlled by a non-SMUD entity. As used in this definition of System Emergency, with respect to any action that may or must be taken, or judgment or determination of a Party, such action or judgment shall be exercised, or such determination shall be made, (i) in good faith, (ii) where applicable, in accordance with Prudent Utility Practice, and (iii) in a non-arbitrary and non-capricious. System Emergency includes:

(a) That in SMUD's or Seller's reasonable judgment will likely endanger life or property;

(b) That in the reasonable judgement of SMUD, is imminently likely to cause a material adverse effect on the security of, or damage to, SMUD's Electric System, SMUD's Interconnection Facilities or the Electric Systems of others entities to which the SMUD Electric System is directly connected;

(c) An imminent condition or situation, which jeopardizes SMUD's Electric System reliability or integrity, or the reliability or integrity of other Electric Systems to which the SMUD is connected, or

(d) That in the reasonable judgment of Seller, is imminently likely to cause a material adverse effect on the security of, or damage to, the Facility or Seller's Interconnection Facilities. System restoration or black start shall be considered a System Emergency; provided, however, that the Facility shall not be obligated to possess black start capability.

Tax Attributes: means any state, local, or federal production tax credit, tax deduction, depreciation, accelerated depreciation, investment tax credit, or other tax benefit or attribute (including any grant) associated with the production of renewable energy or investments in renewable energy facilities, including, without limitation, the production tax credits under Section 45 of the Internal Revenue Code, and the investment tax credits established pursuant to Section 48 of the Internal Revenue Code, whether existing now or in the future.

Termination Event: When capitalized, has the meaning given in Section 8.3.

Termination Payment: means either the SMUD Termination Payment or the Seller Termination Payment, as applicable.

Typical Annual Solar Insolation: The typical annual solar insolation at the Site, derived from Solar Irradiance Data provided from Solar Anywhere, or other mutually agreeable third party, covering the 15 year period from January 2011 through December 2025, or derived from another mutually agreeable mechanism to measure annual solar insolation, such as the Typical Meteorological Year 3 (TMY3) data file from the U.S. Department of Energy's National Laboratory of the Rockies's National Solar Radiation Database, for surface radiation (SURFRAD) at a location near the Site. The Typical Annual Solar Insolation is set forth in Exhibit D.

Weather Performance Ratio (WPR): means, for each Contract Year, the ratio of the Actual Annual Solar Insolation at the Site to the Typical Annual Solar Insolation for the Site, expressed as:

WPR = Actual Annual Solar Insolation / Typical Annual Solar Insolation

The Weather Performance Ratio shall be used to calculate AEAEP to reflect year-to-year variations in solar resource and shall only apply if less than 1.00.

WECC: The Western Electricity Coordinating Council, which is the regional entity responsible for coordinating and promoting bulk electric system reliability in the western United States and western Canada, or any successor organization.

WREGIS: The Western Renewable Energy Generation Information System, sponsored by WECC and utilized by the CEC for tracking the generation and transfer of RECs, or any successor renewable energy tracking system sponsored by WECC and utilized by the CEC for implementing California's RPS, including tracking the generation and transfer of REC's.

2. Facility; Purchase and Sale of Products.

2.1 Facility and Contract Capacity.

2.1.1 This Agreement governs SMUD's purchase of Energy, Capacity, Capacity Attributes, and Environmental Attributes from the

Facility as described in Exhibit A. The Contract Capacity of the Facility is shown in Exhibit A. Seller shall not modify the Facility to increase the Contract Capacity without the agreement of SMUD. The Energy and, to the extent applicable, Capacity, Capacity Attributes, and Environmental Attributes to be purchased under this Agreement are described in Exhibit B.

2.1.2 The Parties acknowledge that the certain permitting constraints at the Site are unknown as of the date hereof, and once determined, may affect the final Contract Capacity and/or Scheduled Commercial Operation Date. Accordingly, notwithstanding any provision of this Agreement to the contrary:

(a) Seller shall have the right to decrease the Contract Capacity to no less than 600kW_{AC} upon written notice to SMUD delivered at least one (1) month prior to the Scheduled Commercial Operation Date without any changes to the Contract Price or the other terms and conditions set forth in this Agreement. Seller shall provide notice of the same to SMUD. Upon any revisions to the Contract Capacity and/or Scheduled Commercial Operation Date in accordance with this Section 2.1, Exhibits B, C, and D attached to this Agreement shall be amended to reflect the new Contract Capacity and/or other Agreement terms, as applicable.

2.2 Products Purchased. During the Delivery Term, Seller shall sell and deliver, or cause to be delivered, to the Delivery Point and SMUD shall purchase and receive, or cause to be received, at the Delivery Point all Products generated by the Facility that are described in Exhibit B, pursuant to the terms and conditions of this Agreement. Energy shall be supplied only from the Facility, and shall be supplied from the Facility whenever available. Pursuant to the terms and conditions of this Agreement, Seller agrees to sell to SMUD the Facility's gross output of Energy in kilowatt-hours, net of Integral Station Service Load and transformation and transmission losses to the Delivery Point (which shall be provided from Facility output). Whenever Facility Energy is insufficient, Seller shall purchase Energy required to serve the Facility's on-site load from SMUD pursuant to SMUD's applicable retail rate schedule. In no event shall Seller have the right to procure Energy, Contract Capacity, Capacity Attributes, or Environmental Attributes from sources other than the Facility for sale or delivery of Products to SMUD under this Agreement or to substitute such Energy, Contract Capacity, Capacity Attributes, or Environmental Attributes. Notwithstanding any provision of this Agreement to the contrary, Seller shall be the owner of all (and shall not convey to SMUD under this Agreement) any Capacity Attributes, Environmental Attributes or Tax Attributes associated with, or arising from, the Facility, and/or this Agreement.

2.3 Delivery Term, Delivery Point, and Commercial Operation.

2.3.1 Delivery Term. The Delivery Term shall commence on the Commercial Operation Date under this Agreement and continue for twenty (20) years following the first day of the first calendar month after the Commercial Operation Date. The Parties may mutually agree to extend this Agreement for a renewal term of fifteen (15) years at a renewal rate of $0.2600/kWh.

2.3.2 No Product Substitution. In no event shall Seller have the right to procure Energy, Contract Capacity, Capacity Attributes, or

Environmental Attributes from sources other than the Facility for sale or delivery of Products to SMUD under this Agreement or to substitute such Energy, Contract Capacity, Capacity Attributes, or Environmental Attributes.

2.3.3 Scheduled Commercial Operation Date. The Scheduled Commercial Operation Date of the Facility is shown in Exhibit A.

2.3.4 Requirements for Commercial Operation. The Commercial Operation Date shall occur on the latest date on which both of the following conditions have been satisfied:

(a) The Facility is operating and is in compliance with applicable interconnection and system protection requirements required under the Interconnection Agreement; and

(b) The first day, retroactively determined at the conclusion of a successful 168 hour continuous operation test that Seller had demonstrated the Facility is capable of delivering Energy and the Contract Capacity at the Delivery Point on a reliable and continuous basis, with the exception of normal daily shut-down (if any). Seller shall provide test results for review and certification by a California registered professional electrical engineer (PE), who will submit a letter to SMUD, including the PE stamp, certifying acceptance of the test data; and stating that all Facility components were operating continuously, with the exception of normal daily shut-down (if any) as designed throughout the 168-hour continuous operation test.

2.3.5 Notice of Commercial Operation. Seller shall provide SMUD with written notice of Commercial Operation for SMUD's review when the Facility has satisfactorily completed the requirements for Commercial Operation.

2.3.6 Commercial Operation Date Confirmation Letter. Upon satisfaction of the requirements for Commercial Operation, SMUD shall execute and then provide to Seller for execution, the Commercial Operation Date Confirmation Letter. Both Parties shall retain a fully executed copy of the Commercial Operation Date Confirmation Letter.

2.3.7 Payment for Delay of Commercial Operation. If the Facility fails to achieve Commercial Operation on or before the Scheduled Commercial Operation Date, then Seller shall pay SMUD Delay Damages of \$250/MW_{AC} for every day the Facility does not achieve Commercial Operation after the Scheduled Commercial Operation Date and until Commercial Operation is achieved; provided that the Delay Damages shall not exceed the amount of project development security provided by Seller per Section 9.1, and Seller shall not owe SMUD Delay Damages, and the Scheduled Commercial Operation Date shall be extended on a day for day basis, for delays was caused by (i) Force Majeure, (ii) a delay in completion of Interconnection Facilities required for the Facility if such delay was caused by an act or omission of SMUD or otherwise despite the commercially-reasonable efforts of Seller, or

(iii) a breach or default under this Agreement by SMUD (without consideration to the giving of notice and/or lapse of time).

2.3.8 Payment for Deficit Damages.

(a) Subject to Section 2.1.2 of this Agreement, if the Facility achieves Commercial Operation on at least ninety percent (90%), but less than one hundred percent (100%), of the Contract Capacity for the Facility set forth in Exhibit A, then Seller will not have any obligation to pay Delay Damages and will have 365 days following the Scheduled Commercial Operation Date to commence Commercial Operation for the remaining Contract Capacity of the Facility, provided that such date shall be extended on a day for day basis, for delays was caused by (i) Force Majeure, (ii) a delay in completion of Interconnection Facilities required for the Facility if such delay was caused by an act or omission of SMUD or otherwise despite the commercially-reasonable efforts of Seller, or (iii) a breach or default under this Agreement by SMUD (without consideration to the giving of notice and/or lapse of time). If, following such 365 day period, less than one hundred percent (100%) of the Contract Capacity for the Facility set forth in Exhibit A has achieved Commercial Operation, then (a) Seller shall forfeit, and SMUD shall have the right to retain, a portion of the project development security provided by Seller per Section 9.1 equal to the product of (i) $20,000, multiplied by (ii) the Contract Capacity (measured in MW_{AC}) set forth on Exhibit A less the Contract Capacity (measured in MW_{AC}) of the Facility for which Commercial Operation has occurred, and (b) Exhibits A, C, and D shall be automatically updated to the installed capacity of the Facility for which Commercial Operation has occurred.

(b) The Parties acknowledge and agree that the damages that SMUD would incur due to Seller's delay in achieving Commercial Operation by the Scheduled Commercial Operation Date based on one hundred percent (100%) of the Contract Capacity would be difficult or impossible to predict with certainty; it is impractical and difficult to assess actual damages in the circumstances stated; and the amounts that may be owed by Seller pursuant to Section 2.3.7 and this Section 2.3.8 represent a fair and reasonable calculation of such damages. Accordingly, notwithstanding any provision herein to the contrary, the termination of this Agreement pursuant to Section 8.3.1 and receipt of the amounts owed pursuant to Section 2.3.7 and this Section 2.3.8 shall be SMUD's sole and exclusive remedy if the Facility fails to achieve Commercial Operation on or before the Scheduled Commercial Operation Date as provided in Section 2.3.7, or if Commercial Operations are achieved for less than one hundred percent (100%) of the Contract Capacity as provided in this Section 2.3.8.

2.4 Payment for Products Purchased.

2.4.1 Contract Price after Commercial Operation Date.

(a) Except as may otherwise be set forth in Exhibit B and subject to Section 2.4.1(b), once the Facility has achieved Commercial Operation, SMUD shall pay Seller for the Products purchased by multiplying the Contract Price (shown in Exhibit B) by the sum of applicable hourly Energy quantity as metered at the Delivery Point (such amount as determined on a monthly basis, also a "Monthly Settlement Amount").

(b) Except as provided in Section 2.4.6 to the contrary, in the event of a time period in which the Renewable Energy Credits corresponding to the Products delivered by the Facility are not received by SMUD as a result of the gross negligence or willful misconduct of Seller, and after being made aware of such failure, Seller is not attempting, in good faith, to reconcile such failure with WREGIS and the CEC, except as otherwise set forth in Exhibit B, SMUD shall discount the price paid for that Product for which corresponding WREGIS Certificates are not received by the difference between the applicable hourly Contract Price and the applicable hourly NP15 EZ Gen Hub Price.

2.4.2 Energy in Excess of Contract Capacity. Seller shall not receive payment for Product delivered in any hour to SMUD in excess of the Maximum Hourly Energy Delivery.

2.4.3 System Losses. All Products specified herein are amounts as provided at the Delivery Point, and Seller is responsible for all losses to the Delivery Point. Energy produced by the Facility, which is interconnected to the SMUD Distribution System, shall be measured using a SMUD Revenue Meter located at the Delivery Point.

2.4.4 Title and Risk of Loss. Title to, control of, and risk of loss related to the Products produced from the Facility shall transfer from Seller to SMUD at the Delivery Point. Seller warrants that it will deliver to SMUD all Products from the Facility free and clear of all liens, security interests, claims and encumbrances, or any interest therein or thereto by any person arising prior to the Delivery Point. Notwithstanding the foregoing, SMUD acknowledges that Seller or Seller's Financing Party shall be the legal and beneficial owner of the Facility at all times.

2.4.5 Invoice Payments.

(a) Following the end of each calendar month, Seller shall deliver to SMUD an invoice (a "Monthly Invoice") showing Seller's calculation of the Monthly Settlement Amount owed by SMUD under this Agreement, SMUD shall pay the amounts in each Monthly Invoice within thirty (30) calendar days following SMUD's receipt of such Monthly Invoice. SMUD shall pay Seller by check or Automated Clearing House transfer, and any amounts that are not paid by SMUD when due hereunder shall bear interest at the Interest Rate from the date due until the date paid. For any other payments required hereunder, the relevant party shall submit an invoice to the other party for payment within thirty (30) calendar days following such receiving party's receipt of such invoice.

(b) If either Party, in good faith, disputes any amount due pursuant to an invoice rendered hereunder, such Party shall notify the other Party of the specific basis for the dispute and, if the invoice shows an amount due, shall pay that portion of the statement that is undisputed, on or before the due date. If any amount disputed by such Party is determined to be due to the other Party, or if the Parties resolve the payment dispute, the amount due shall be paid within five (5) days after such determination or resolution, along with interest at the Interest Rate from the original date due until the date paid.

2.4.6 True-up for Failure to Deliver Environmental Attributes within 6 Months of COD. If, within six (6) months following the Commercial Operation Date, Seller has not obtained RPS Certification and fails to deliver in WREGIS, Renewable

Energy Credits equal to the hourly metered quantity at the Delivery Point for all deliveries during the six (6) month period commencing on the Commercial Operation Date, Seller shall pay SMUD the difference between the applicable hourly Contract Price (set forth on Exhibit B) paid by SMUD pursuant to Section 2.4 and the applicable hourly NP-15 EZ Gen Hub Price for the corresponding difference between metered quantities and Renewable Energy Credits not received; provided that SMUD shall extend such six (6) month period for an additional six (6) months if Seller is, in good faith, attempting to reconcile the shortfall with WREGIS and the CEC, as applicable, and the shortfall is not due to Seller's action(s) or inaction(s). If and to the extent that Seller reconciles such delivery of Renewable Energy Credits in WREGIS with the hourly metered quantity at the Delivery Point within the established time period (i.e., 6 or 12 months), Seller shall then receive the full Contract Price for metered quantities of energy received with the Renewable Energy Credits delivered in WREGIS.

2.4.7 Annual Production Guarantee; Facility Performance Adjustment.

(a) Seller shall follow Prudent Utility Practices as well as all manufacturers' guidelines and warranty requirements in operating and maintaining the Facility and shall make commercially reasonable repairs identified through compliance with the foregoing requirements in a reasonably timely manner.

(b) Within 30 days after the end of each Contract Year, Seller shall submit records of annual Facility curtailment data and any record of Force Majeure, which SMUD shall reconcile with its own records of curtailment and Force Majeure, in order to calculate the AAEP for such Contract Year.

(c) Within 30 days after the end of the Contract Year, Seller shall provide an annual report of the actual annual solar insolation data for SMUD's review and use in calculating the AAEP and the Minimum Annual Energy Production.

(d) If, at the end of any Contract Year, the combined Adjusted Annual Energy Production (AAEP) for such Contract Year is less than ninety percent (90%) of the Adjusted Expected Annual Energy Production (AEAEP) for such Contract Year, other than as a result of the acts or omissions of SMUD (including curtailment), or an Event of Force Majeure (any such period of disruption, a "Disruption Period"), Seller shall credit SMUD an amount equal to SMUD's Lost Savings on the next invoice or invoices during the following Contract Year, up to the Lost Savings Cap. The formula for calculating Lost Savings for the applicable Contract Year is as follows:

Lost Savings = (AEAEP-AAEP) x (Contract Price)

Contract Price = the kWh Rate in effect for the applicable Contract Year(s), measured in $/kWh.

Lost Savings Cap = Facility size (DC) as installed in megawatts, multiplied by $30,000. For the avoidance of doubt, the Lost Savings Cap is applicable to each Contract Year

Any Lost Savings payment shall occur no later than sixty (60) days after the end of the Contract Year during which such Lost Savings occurred.

3. Required Certifications and Qualifications.

3.1 RPS Certification.

3.1.1 SMUD requires that all renewable energy sold under this Agreement (not including an amount of Energy equal to the Facility's Station Service Load) will meet the state of California's RPS requirements. At its own expense, Seller shall obtain RPS Certification of the Facility with the California Energy Commission (CEC). Seller shall file an application with the CEC for RPS Certification as soon as possible but in no event later than ten (10) business days after receipt of the Commercial Operation Date Confirmation Letter from SMUD, and shall provide the CEC all information necessary to verify this RPS claim.

3.1.2 Subject to the terms and conditions of this Section 3.1, Seller shall maintain RPS Certification throughout the Delivery Term, and ensure that throughout the Delivery Term, Products from the Facility (not including Products associated with an amount of Energy equal to the Facility's Station Service Load) meet the criteria defined by the CEC Renewable Portfolio Standard Eligibility Guidebook for Portfolio Content Category 1; meet the criteria of California Public Utilities Code 399.16(b)(1); and ensure that the electricity and RECs from the Facility are bundled according to the applicable CEC RPS Eligibility Guidebook; provided, however, that notwithstanding any provision herein to the contrary, if there is a change in law or CEC rule, regulation, or determination after Seller obtains initial RPS certification that causes the Facility to no longer maintain RPS Certification, the Products from the Facility to no longer comply with the requirements of this Agreement related to the state of California's RPS requirements (including the criteria in California Public Utilities Code 399.16(b)(1)) or Seller to no longer be able to deliver through WREGIS the amount of Environmental Attributes contemplated hereunder, then Seller will not be obligated to comply with the requirements of this Agreement for the Facility to maintain RPS Certification, the Products from the Facility to comply with the requirements of this Agreement related to the state of California's RPS requirements (including the criteria in California Public Utilities Code 399.16(b)(1)) or Seller to deliver through WREGIS the amount of Environmental Attributes contemplated hereunder, so long as Seller takes all commercially-reasonable and necessary action ("Commercially Reasonable Efforts") to oppose any change of law, CEC rule, or regulation to the extent Seller has knowledge of the same, that diminishes the value of Environmental Attributes delivered under this Agreement for the purpose of maintaining PCC-1 status of delivered RECs, which action shall not require Seller to incur any cost or expense in excess of $25,000 in any Contract Year or $50,000 in the aggregate over the Delivery Term (such amount, the "RPS Compliance Cap").

3.1.3 Notwithstanding anything in this Agreement to the contrary, Seller shall not be in breach or default of this Agreement, SMUD shall not have the right to terminate, or exercise any remedies under, this Agreement and SMUD shall continue to purchase Energy and the other Products from the Facility and pay the full Contract

Price, if Seller's failure to maintain RPS Certification or if failure of the Renewable Energy Credits to conform to the requirements of this Agreement is due to a change in California law or CEC rule, or regulation, or determination occurring after the Facility has obtained RPS certification, so long as the Seller has used Commercially Reasonable Efforts, and Seller's action(s) or inaction(s) did not contribute to its inability to maintain RPS Certification.

3.2 Environmental Attribute Delivery Obligation. Subject to the terms and conditions of this Agreement and to the extent that Seller is selling and SMUD is purchasing Environmental Attributes under this Agreement, Seller shall deliver, and SMUD shall receive from Seller, all rights, title, and interest in such Environmental Attributes associated with Energy produced by the Facility and delivered to SMUD at the Delivery Point, whether now existing or that hereafter come into existence during the Delivery Term; provided that, except as provided in Section 3.1 to the contrary, pursuant to Section 2.4.1(b), SMUD may pay Seller a discounted purchase price for any Environmental Attributes associated with any amount of Energy that is not considered RPS-eligible by the CEC, or for Environmental Attributes that are not delivered to SMUD in WREGIS. Seller agrees to sell to SMUD all such Environmental Attributes to the fullest extent allowable by applicable law, and to convey the same to SMUD in accordance with the procedures in Exhibit H. Seller warrants that all Environmental Attributes sold and delivered to SMUD pursuant to this Agreement shall be free and clear of all liens, security interests, claims and encumbrances.

3.3 WREGIS Registration. Documentation of Environmental Attributes sold to SMUD under this Agreement shall be tracked through WREGIS. Seller shall assign rights to register the Facility in WREGIS to SMUD, such that RECs sold to SMUD are deposited directly into SMUD's WREGIS account. Except as provided in Exhibit H to the contrary, Seller shall be responsible for all WREGIS costs and fees associated with the issuance and/or creation of WREGIS RECs for the Facility, and SMUD shall be responsible for any fees associated with the transfer and/or retirement of such WREGIS RECs to SMUD. RECs sold to SMUD under this Agreement shall be provided monthly for all Energy produced from the contracted renewable resource (not including an amount of Energy equal to the Facility's Station Service Load), evidencing that SMUD has exclusive rights to the Renewable Attributes and Environmental Attributes.

3.4 Additional Evidence of Environmental Attribute Conveyance. At SMUD's reasonable request, Seller shall provide additional reasonable evidence to SMUD or to third parties of SMUD's right, title, and interest in Environmental Attributes sold under this Agreement and information with respect to such Environmental Attributes.

3.5 Modification of Environmental Attribute Reporting and Conveyance Procedure. SMUD shall revise Exhibit H as appropriate, shall give notice to Seller regarding the revision, and shall issue a new Exhibit H which shall then become part of the Agreement, in order to reflect changes necessary in the Environmental Attribute conveyance procedure for SMUD to be able to receive and report the Environmental Attributes purchased under the Agreement as belonging to SMUD, in the event that:

3.5.1 WREGIS changes the WREGIS Operating Rules after the Effective Date or applies the WREGIS Operating Rules in a manner inconsistent with Exhibit H after the Effective Date; or

3.5.2 WREGIS is replaced as the primary method that SMUD uses for conveyance of Environmental Attributes, or additional methods to convey all Environmental Attributes are required.

In no event will such revised Exhibit H cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

3.6 Reporting of Ownership of Environmental Attributes. Seller shall not report to any Person or entity that the Environmental Attributes sold and conveyed hereunder to SMUD belong to anyone other than SMUD, and SMUD may report under any such program that such Environmental Attributes purchased hereunder belong to it.

3.7 Greenhouse Gas (GHG) Emissions. Seller shall bear all liability for reporting any and all GHG emissions from the Facility, and for any compliance obligations under federal, state (including AB 32) and local laws for such emissions.

4. Conveyance of Capacity Attributes.

4.1 Conveyance of Capacity Attributes. Seller shall provide to SMUD any attestation SMUD requires in order for SMUD to show evidence that it has procured the Capacity Attributes associated with the Facility in accordance with the procedure in Exhibit F. At SMUD's reasonable request, Seller shall execute such documents and instruments as may be reasonably required to affect recognition and transfer of the Capacity Attributes.

4.2 Reporting of Ownership of Capacity Attributes. Seller shall not report to any Person or entity that the Capacity Attributes sold and conveyed hereunder to SMUD belong to anyone other than SMUD, and SMUD may report under any such program that such Capacity Attributes purchased hereunder belong to it.

4.3 Modification of Capacity Attribute Conveyance Procedure.

4.3.1 SMUD shall revise Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F which shall then become part of the Agreement, in order to reflect changes necessary in the Capacity Attribute conveyance procedure for SMUD to be able to receive and report the Capacity Attributes purchased under the Agreement as belonging to SMUD.

4.3.2 In no event will such revised Exhibit F cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

4.4 Compliance Cost Cap. Notwithstanding any provision herein to the contrary, the Parties acknowledge and agree that the cost and expense to Seller of complying with its obligations in Section 3.1 or Section 4 of this Agreement shall not exceed the amount of the RPS Compliance Cap.

4.5 Energy Imbalance Market. The Parties acknowledge and agree that as of the date hereof, SMUD participates in the Western Energy Imbalance Market ("WEIM") and intends to participate in the Extended Day Ahead Market ("EDAM"), and SMUD's participation in the WEIM or EDAM shall not result in Seller incurring any additional cost, liability, or obligation, or any increased cost, liability, or obligation, for which Seller is not already otherwise obligated under this Agreement. If in the future the CAISO changes its EIM and/or EDAM rules and/or policies (or replacement market), the Parties shall meet and confer to discuss the new market rules and whether updates to the scheduling, settlements, or other procedures are required.

5. Interconnection; Telemetering. SMUD will reimburse Seller for interconnection and telemetering costs up to $300,000, as more particularly described in the Interconnection Agreement. To the extent such costs are expected to exceed $300,000, the Parties will in good faith negotiate an amendment to this Agreement that allocates such excess costs between the Parties (which may be in the form of an increase to the Contract Price).

5.1 Interconnection Agreement and Interconnection Costs

Seller shall execute an Interconnection Agreement with SMUD.

5.1.1 In accordance with, and subject to the terms and conditions of, the Interconnection Agreement: Seller assumes responsibility for any and all costs related to interconnection of the Facility to an agreed-upon Delivery Point; subject to adjustment as provided in the attached Exhibit B, Seller agrees to incur those costs set forth in the Interconnection Agreement which are the customary requirements that SMUD imposes upon similar generators interconnected to the SMUD Distribution System. Notwithstanding the foregoing, Seller shall comply with any modifications, amendments or additions to the applicable tariff and protocols.

5.1.2 During the Delivery Term, Seller shall arrange and pay independently for any and all costs owed by Seller under the Interconnection Agreement with SMUD. To make deliveries to SMUD, Seller must maintain an Interconnection Agreement with SMUD in full force and effect.

5.2 No Additional Loads; Facility Storage. Seller shall not connect any loads not associated with Integral Station Service Loads at the location of the Facility in a manner that would reduce the Energy provided from the Facility to SMUD hereunder. Seller shall obtain separate retail electric service under existing SMUD tariffs for the service of any such additional loads. Notwithstanding the foregoing, Seller may add storage at the Site during the Term of this Agreement, with the size and scope of such storage subject to agreement by the Parties.

5.3 Telemetering and Telemetering Costs

The Facility will require telemetering back to SMUD's energy management system. SMUD will cover the upfront cost of interconnection and telemetering, while Forefront Power will be responsible for the ongoing costs of telemetering.

5.3.1 Real-time (2 Second) data to be transmitted to SMUD from Seller. The following data shall be transmitted by Seller to SMUD on a real time basis:

(a) Energy (MWh);

(b) Facility total output, MW and MVAR;

(c) Status of 12kV breaker; and

(d) Additional data required at SMUD's reasonable discretion, and can be reasonably provided with the equipment then-installed at the Facility.

5.3.2 Data to be transmitted to Seller from SMUD. The following information shall be transmitted by SMUD to Seller as provided herein:

(a) Control signal sent by SMUD Energy Management System for Dispatchability; and

(b) Set point limiting the MW output of the Facility.

5.3.3 Facility Data. Seller shall provide historical energy production by the System (in kWh or MWh) to SMUD upon request or pursuant to any schedule reasonably requested by SMUD. For the purpose of forecasting Facility energy production, SMUD has the right to share such data with SMUD's contractors.

6. Permitting; Standard Of Care; Operations; Curtailment.

6.1 Permitting. Seller shall be responsible for obtaining and maintaining all required permits and other governmental approvals for the construction, ownership and operation of the Facility. SMUD shall reasonably cooperate with Seller to obtain or issue (if applicable) such approvals in the name of Seller.

6.2 Standard of Care.

6.2.1 Seller shall pay and be responsible for designing, installing, operating, and maintaining the Facility in accordance with all applicable laws and regulations, and shall comply with all applicable WECC, FERC, and NERC provisions, and Prudent Utility Practice, including applicable interconnection and telemetering requirements as set forth in the Interconnection Agreement, and the generally applicable requirements of SMUD set forth in SMUD's tariff, rules, and regulations.

6.2.2 Seller shall: (a) operate and maintain the Facility in a safe manner in accordance with the Interconnection Agreement, manufacturer's guidelines, warranty requirements, and Prudent Utility Practice, including applicable standards of the

National Electric Code (NEC), Institute of Electrical and Electronic Engineers, American National Standards, and the Underwriters Laboratories (UL), and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code, as such laws and codes may be amended from time to time; and (b) maintain any governmental authorizations and permits required for the construction and operation thereof. Seller shall make any necessary and commercially reasonable repairs with the intent of optimizing (to the extent commercially reasonable) the availability of electricity from the Facility to SMUD pursuant to this Agreement.

6.3 Operation of the Facility. Subject to the terms and conditions of this Agreement, Seller shall operate the Facility in accordance with Prudent Utility Practice. Seller has an obligation to use commercially-reasonable efforts to maximize the availability of the Facility in accordance with Prudent Utility Practice. Seller may interrupt or reduce deliveries due to Force Majeure, curtailment by SMUD, curtailment as a result of a System Emergency, Planned Outages, and Forced Outages. Seller may not schedule or take any Planned Outages in the months of June through September, unless otherwise agreed by SMUD in writing or required by Prudent Utility Practice. Seller shall take commercially-reasonable measures in accordance with Prudent Utility Practice to minimize the frequency and actual duration of Planned Outages. All Planned Outages shall be scheduled in advance. Except as permitted in this Agreement to the contrary, Seller shall not modify the Facility to increase the Contract Capacity unless agreed upon by SMUD.

6.4 Notice Following Outage or Curtailment. In the monthly settlements process, following any outage or any curtailment directed by SMUD, SMUD will provide Seller a notice describing such curtailment or outage upon seller's request. SMUD shall provide such additional information concerning any curtailment claimed to be due to a System Emergency as Seller may reasonably request.

6.5 SMUD Performance Excuse. SMUD shall not be obligated to accept or pay for Energy produced by or Capacity provided from the Facility during a Force Majeure event that prevents SMUD's ability to accept Energy from the Facility.

6.6 SMUD Curtailment Due To a System Emergency

SMUD may require Seller to curtail, interrupt, or reduce deliveries of Energy if SMUD reasonably determines that curtailment, interruption, or reduction is necessary because of a System Emergency. For SMUD-directed Dispatch curtailments due to a System Emergency, SMUD will not compensate Seller for Energy curtailedIn the event of a Dispatch curtailment by SMUD due to a System Emergency, SMUD shall, whenever possible, give Seller reasonable notice of the possibility that the interruption or reduction of deliveries may be required, and shall use commercially reasonable efforts to minimize the impact thereon on Facility operations and to minimize the duration of the curtailment period.

6.7 "Off-Grid" Production. In the event that utility grid power becomes unavailable and when a properly configured grid-forming voltage source establishes a microgrid with sufficient power output, the Facility will be capable of power production and inverter curtailment via received Volt-VAR and Volt-Watt adjustment signals as required to operate in conjunction with the grid-forming voltage source.

6.8 Interconnection Agreement.

6.8.1 A Party shall not have any liability, and such Party shall be excused from its performance obligations under this Agreement, to the extent that such Party fails to perform due to the failure of the other Party to perform its obligations under the Interconnection Agreement.

6.8.2 In the event that either the Interconnection Agreement is terminated as a result of a default by SMUD or Seller thereunder, the defaulting party under the Interconnection Agreement shall be considered to be in default of this Agreement. Under these circumstances, the non-defaulting Party shall have all rights and remedies available to it under this Agreement as a result of such default.

7. Scheduling and Forecasting; Outages; Access Rights.

7.1 Scheduling and Forecasting. The Facility is located within the SMUD Service Territory, and SMUD will make its own forecasts of Facility Energy production for use in its Scheduling process. SMUD shall be solely responsible for all Scheduling of the Product and, except as otherwise expressly provided herein, all associated penalties, fees, liabilities, costs, and expenses.

7.2 Planned Outages. For the purposes of this Agreement an anticipated maintenance outage shall constitute a Planned Outage. Planned Outages may only be taken upon thirty (30) days written notice to SMUD. Seller shall provide Planned Outage notifications in accordance with the Outage Notification Procedure detailed in Exhibit G.

7.3 Forced Outages. Seller shall provide Forced Outage notifications in accordance with the Outage Notification Procedure detailed in Exhibit G.

7.4 Modification of the Available Capacity Scheduling Requirements and Outage Notification Procedure. Upon mutual consent of both Parties, SMUD shall modify Exhibit G to reflect changes necessary in the Available Capacity Scheduling Requirements and Outage Notification Procedure, give written notice to Seller regarding the revision, and issue a new Exhibit G which shall then become part of the Agreement to reflect changes in the Outage Notification Procedure.

7.5 Access Rights. SMUD and its authorized agents, employees and inspectors, shall have the right to inspect the Facility on reasonable advance notice during normal business hours and for any purposes reasonably connected with this Agreement or the exercise of any and all rights secured to SMUD by law or its tariff schedules. SMUD and its authorized agents, employees and inspectors must (a) at all times adhere to all reasonable safety and security procedures as may be required by Seller; and (b) not interfere with the operation of the Facility. SMUD shall make reasonable efforts to coordinate its emergency activities with the safety and security departments, if any, of the Facility operator. Seller shall keep SMUD informed of current procedures for communicating with the Facility operator's safety and security departments.

8. Term, Termination Event and Termination.

8.1 Term. The term of this Agreement (the "Term") shall commence upon the last execution by the duly authorized representatives of each of SMUD and Seller, and shall remain in effect until the conclusion of the Delivery Term, unless terminated sooner pursuant to the terms of this Agreement.

8.2 Events of Default; Remedies.

8.2.1 Either Party (each in such capacity, a "Defaulting Party," and the other Party, the "Non-Defaulting Party") shall be in breach or default of its obligations under this Agreement if: (a) the Defaulting Party fails to make, when due, any payment required under this Agreement if such failure is not remedied within three (3) Business Days after receipt of notice from the Non-Defaulting Party; (b) any representation or warranty made by such Defaulting Party herein is false or misleading in any material respect when made, and such failure is not cured within ten (10) days after receipt of notice from the Non-Defaulting Party (or such longer period not to exceed sixty (60) days if the failure is not capable of being cured within such ten (10) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial ten (10)-day period); (c) the Defaulting Party fails to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate default under this Section 8.2.1), if such failure is not remedied within thirty (30) days of receipt of notice from the Non-Defaulting Party (or such longer period not to exceed sixty (60) days if the failure is not capable of being cured within such thirty (30) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial thirty (30)-day period); and/or (d) the Defaulting Party becomes Bankrupt.

8.2.2 Except as otherwise expressly provided in this Agreement, including, without limitation, under Sections 2.3.7 and 2.3.8, following a breach or default by a Defaulting Party, the Non-Defaulting Party shall have the right to (a) terminate this Agreement by providing notice of such termination to the Defaulting Party, which termination shall be effective on a day no earlier than five (5) days after such notice is deemed to be received (as provided in Section 15) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 15) (except as provided in Section 8.3 to the contrary), *provided that* termination of this Agreement because of a default described in Section 3.2 shall be effective upon Seller's receipt (or deemed receipt) of SMUD's notice of termination; and the Defaulting Party shall pay the Non-Defaulting Party a Termination Payment calculated in accordance with Section 8.5 or 8.6, as applicable. If the Non-Defaulting Party fails to terminate this Agreement under clause (a) of this paragraph by notice to the Defaulting Party within six (6) months following the Non-Defaulting Party's declaration of a breach or default (or, with respect to a default described in Section 3.2, within six (6) months following the expiration of the cure period described in Section 3.2), then the Non-Defaulting Party shall be deemed to have waived its rights to terminate this Agreement pursuant to clause (a) of this paragraph with respect to such breach or default, but not with respect to any subsequent breach or default. If the Non-Defaulting Party elects to terminate this Agreement under clause (a) of this paragraph, then the sole and exclusive remedy available to the Non-Defaulting Party shall be the Termination Payment calculated in accordance with Section 8.5 or 8.6, as applicable. Notwithstanding any provision herein to the contrary, if Seller commits a breach or default under this Agreement prior to the Commercial Operation Date, SMUD's sole remedy in respect of such breach or default shall be to terminate this Agreement and retain the amounts paid by Seller, and then-held by SMUD, pursuant to Section 9.1 of this Agreement.

8.3 Termination Rights. SMUD shall have the right but not the obligation to terminate this Agreement if any of the following occur, each of which is a "Termination Event":

8.3.1 Failure to achieve Commercial Operation. Subject to Section 2.3.8, in the event Seller fails to achieve Commercial Operation of the Facility on or prior to the date that is 180 days after the Scheduled Commercial Operation Date, then SMUD shall have the right, but not the obligation, to terminate this Agreement. To exercise this right, SMUD shall provide Seller with a 60-day advance written notice. If Seller achieves the Commercial Operation Date prior to the end of the 60-day notice period, SMUD may not exercise its right to terminate the Agreement. The Scheduled Commercial Operation Date shall be extended on a day for day basis if Seller's failure to achieve Commercial Operation in the designated timeframe was caused by any one of the following: (a) Force Majeure, (b) a delay in completion of the Interconnection Facilities required for the Facility caused by an act or omission of SMUD or otherwise despite the commercially-reasonable efforts of Seller, or (c) a breach or default (without consideration to the giving of notice and/or lapse of time) under this Agreement by SMUD.

8.3.2 Failure to sell or deliver Energy. If, after the Commercial Operation Date, Seller has not sold or delivered Energy from the Facility to SMUD for a period of twelve (12) consecutive months other than as a result of (a) Force Majeure, (b) a breach or default of this Agreement by SMUD, or (c) or a curtailment by SMUD, then SMUD shall have the right to terminate this Agreement.

8.3.3 Failure to obtain RPS Certification. In the event Seller fails to obtain RPS Certification for the Facility by the California Energy Commission within six (6) months of the Commercial Operation Date, then SMUD shall have the right to terminate this Agreement; provided that, such six (6) month period shall be extended for up twelve (12) additional months if Seller is, in good faith, pursuing such certification and presents to SMUD a reasonable proposal laying out those steps that Seller will take in order to obtain such certification as quickly as reasonably possible, for acceptance by SMUD, which acceptance shall not be unreasonably withheld.

8.3.4 Site Easement. Seller loses access to the Project Site due to a default by Seller under the Site easement.

8.3.5 Failure to maintain RPS Certification. Subject to Sections 3.1 and 4.5, in the event the failure to maintain RPS Certification is due to Seller's failure to use commercially reasonable efforts to maintain RPS Certification, then SMUD shall have the right to terminate this Agreement; provided, however, that (a) to exercise this right, SMUD shall provide Seller with a 60 day cure period, and SMUD may not exercise its right to terminate the Agreement if Seller uses commercially reasonable efforts to correct the failure to maintain the RPS Certification during such 60 day period, and (b) in accordance with Section 3.1.3, Seller shall not be in breach of this Agreement, and SMUD shall not have the right to terminate this Agreement, if Seller's failure to maintain RPS Certification is due to a change in California law or CEC rule, regulation, or determination occurring after the Facility has obtained RPS certification, so long as the Seller has used commercially reasonable efforts to maintain RPS Certification, and Seller's action(s) or inaction(s) did not contribute to its inability to maintain RPS Certification.

8.4 Declaration of a Termination Event. If a Termination Event has occurred, SMUD shall have the right to: (a) send notice, designating a day, no earlier than five (5) days after such notice is deemed to be received (as provided in Section 15) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 15) (unless, in each case, a longer notice period is set forth in Section 8.3), as an early termination date of this Agreement ("Early Termination Date") unless the Parties have agreed to resolve the circumstances giving rise to the Termination Event; (b) except for a termination as elsewhere provided in this Agreement to the contrary, calculate the Termination Payment in accordance with Section 8.5 owed in connection with such Termination Event; and (c) terminate this Agreement and end the Delivery Term effective as of the Early Termination Date.

8.5 Termination Payment Calculation.

8.5.1 If a Termination Event occurs or if this Agreement is terminated following a breach or default as provided in Section 8.2 of this Agreement and Seller is the Defaulting Party, in each case ultimately resulting in termination of the Agreement, a "Seller Termination Payment" shall be determined in accordance with this Section 8.5. The Seller Termination Payment shall be the sole and exclusive monetary remedy of SMUD for such termination. For the avoidance of doubt, the Seller Termination Payment applies to both a pre-COD termination and a termination during the Delivery Term for a Termination Event, but not in the case of a termination pursuant to Section 8.8 hereof.

8.5.2 If Seller terminates the Agreement prior to the Commercial Operation Date for a breach or default by SMUD, the "SMUD Termination Payment" shall be determined in accordance with this Section 8.5. The SMUD Termination Payment shall be the sole and exclusive monetary remedy of Seller for such termination.

8.5.3 The Termination Payment payable by the Defaulting Party to the Non-Defaulting Party shall equal: (i) Non-Defaulting Party's "Loss" if any, as calculated under Section 8.5.3(a) below and limited to actual, direct, and demonstrable damages, and discounted to present value as set forth under Section 8.5.3(b) below; plus (ii) Non-Defaulting Party's "Cost" actually incurred and not avoided as calculated under Section 8.5.1(c) below; which will then be aggregated with any amounts owed to the Non-Defaulting Party as of the Early Termination Date, and any set-offs to which Defaulting Party is entitled as set forth under Section 8.5.3(d) below. If the

Termination Payment as so calculated would be less than zero, it shall be deemed to be zero.

(a) The Parties intend that Non-Defaulting Party's Loss shall be the net economic loss, actually suffered (exclusive of Costs), if any, resulting directly from the termination of the Agreement, determined in a commercially reasonable manner and after giving effect to the duty to mitigate, as calculated in accordance with this Section 8.5. The Loss, if any, suffered by Non-Defaulting Party shall be determined by comparing the value of the remaining term, applying the lesser of (i) the Adjusted Annual Energy Production for the most recently completed Contract Year, or (ii) the Minimum Annual Energy Production, and the Contract Price for each year of the remaining term under the Agreement had it not been terminated to the market value of a commercially reasonable replacement transaction, determined using prevailing market data and, to the extent available, good faith, non-binding price indications obtained from non-affiliated market participants. For clarity, the Non-Defaulting Party's Loss equals the amount, if positive, by which the market price of replacement Energy, Capacity Attributes, and Environmental Attributes exceeds the Contract Price therefor giving effect to mitigation. To ascertain the market value of a replacement contract, the Non-Defaulting Party may consider publicly available market indices, bona fide third-party offers, or comparable transactions, in each case adjusted in a commercially reasonable manner for differences in product, term and delivery. It is expressly agreed that Non-Defaulting Party shall not be required to enter into replacement transactions in order to determine the Termination Payment.

(b) The Loss calculated under paragraph (a) shall be discounted to present value using a discount rate of 6.25% as of the time of termination (to take into account the period between the time notice of termination was effective and when such amount would have otherwise been due pursuant to this Agreement).

(c) Non-Defaulting Party's Costs shall be calculated as the sum of the brokerage fees, commissions and other similar transaction costs and expenses actually and reasonably incurred and directly attributable to terminating and replacing the Agreement, including, reasonable transmission costs associated with any replacement contract, if any, incurred in connection with Non-Defaulting Party enforcing its rights with regard to the Agreement. Non-Defaulting shall use reasonable efforts to mitigate or eliminate Costs. Consistent with Section 19.2, each Party shall pay and be responsible for their own attorney fees.

(d) Non-Defaulting Party shall add any amounts owed by the Defaulting Party to the Non-Defaulting Party as of the Early Termination Date to, and shall set-off any amounts owing by the Non-Defaulting Party to the Defaulting Party as of the Early Termination Date against, the Termination Payment so that all such amounts are aggregated and/or netted to a single amount. The net amount due shall be paid within thirty (30) Business Days following the effective date of termination, or, if the Parties disagree regarding the calculation of the Termination Payment, the date that the Parties agree on the Termination Payment pursuant to Section 8.5.4 below.

(e) In no event, however, shall the calculation of Loss or Costs include any penalties or similar charges imposed by the Non-Defaulting Party or any consequential, indirect, punitive, or exemplary damages.

8.5.4 If the Defaulting Party reasonably disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, the calculation issue shall be resolved in accordance with Section 19 of this Agreement.

8.6 SMUD Termination Payment Calculation. If this Agreement is terminated following a breach or default as provided in Section 8.2 of this Agreement during the Delivery Term and SMUD is the Defaulting Party, the "SMUD Termination Payment" shall be determined in accordance with the table set forth in this Section 8.6.

The SMUD Termination Payment under this Agreement shall be calculated in accordance with the following:

Early Termination Occurs in Contract Year:	**SMUD Termination Payment ($/Wdc including costs of removal)**	**SMUD Termination Payment ($/Wdc, does not include costs of removal)**
1	$5.23	--
2	$4.67	--
3	$4.19	--
4	$3.78	--
5	$3.39	--
6	$3.36	$2.86
7	$3.33	$2.83
8	$3.30	$2.80
9	$3.27	$2.77
10	$3.24	$2.74
11	$3.21	$2.71
12	$3.18	$2.68
13	$3.16	$2.66
14	$3.13	$2.63
15	$3.10	$2.60
16	$3.07	$2.57
17	$3.04	$2.55
18	$3.02	$2.52
19	$2.99	$2.49
20	$2.96	$2.47

8.7 Termination pre-COD for SMUD Default. Prior to the Commercial Operation Date, if this Agreement is terminated following a breach or default as provided in Section 8.2 of this Agreement and SMUD is the Defaulting Party, the SMUD Termination Payment shall be determined in accordance with Section 8.5.

8.8 Seller Termination Right prior to COD. Seller shall have the right to terminate this Agreement upon ten (10) Business Days prior written notice to SMUD, for any of the following reasons, in which event SMUD shall retain all of the project development security then held by SMUD pursuant to Section 9.1 of this Agreement as SMUD's sole and exclusive remedy for such termination:

8.8.1 There exist Site conditions (including environmental conditions) or construction requirements that were not known as of the Effective Date and that could reasonably be expected to increase the cost of Facility installation by more than $93,500.

8.8.2 There is a material adverse change in the regulatory environment, incentive program or federal or state tax code (including the expiration of any incentive program or tax incentives in effect as of the Effective Date) that could reasonably be expected to adversely affect the economics of the installation for Seller.

8.8.3 Seller is unable to obtain financing for the Facility on terms and conditions reasonably satisfactory to it, including as a result of Buyer's creditworthiness or failure to meet Financing Party requirements.

8.8.4 Seller has not received, in form and substance reasonably satisfactory to Seller: (1) a fully executed easement in substantial form of Exhibit K of this Agreement, (2) written release, subordination, non-disturbance, or acknowledgement from any mortgagee, lienholder, or other party holding an encumbrance or security interest in the Site, to the extent reasonably required by Seller or its Financing Party, confirming the priority of Seller's security interest in the Facility and non-interference with Seller's rights throughout the Term, and (3) evidence that the Site is free from covenants, conditions and restrictions (CCRs), easements, or other land-use conditions, liens, or encumbrances that could materially impair or prevent Seller's rights of access, installation operation, maintenance or removal of the Facility, or Seller's ability to grant or maintain Seller's rights with respect to the Site as contemplated under this Agreement.

8.8.5 Seller has not received evidence reasonably satisfactory to it that interconnection services will be available by SCOD with respect to energy generated by the Facility.

8.8.6 There has been a material adverse change in Buyer's credit-worthiness, including a downgrade by two or more credit-rating levels (or notches) by a nationally recognized rating agency as applicable (including Moody's, Standard & Poor, or Fitch) or if Buyer is not publicly rated, a decline of two or more equivalent rating levels (or notches) in Seller's commercially reasonable internal credit rating assessment of Buyer, unless Buyer has provided Seller with reasonably acceptable credit support within ten (10) Business Days of request.

8.9 Release of Liability for Termination Event After 12 Months. Upon termination of this Agreement, the indemnity provision shall remain in effect for a period of 12 months following such early termination.

9. Creditworthiness.

9.1 Project Development Security. Within 30 days of the date this Agreement is executed, Seller shall provide an installment of project development security of $40/kW_{AC}$ in the form of cash, Letter of Credit, or guaranty acceptable to SMUD, which will be held and maintained until the start of the Delivery Term or the earlier termination of this Agreement, and thereafter released and/or returned to Seller, or at Seller's request, applied to the Delivery Term Security.

9.2 Delivery Term Security. Prior to commencement of the Delivery Term, Seller to provide Delivery Term Security of $75/kW_{AC}$ in the form of cash, Letter of Credit, or guaranty acceptable to SMUD, which will be held and maintained by SMUD for the duration of the Delivery Term or the earlier termination of this Agreement, and thereafter released and/or returned to Seller.

10. Insurance. Seller shall comply with the insurance requirements of the attached Exhibit J, which requirements shall apply to the Seller and its successors and assigns.

11. Force Majeure.

11.1 Effect of Force Majeure. SMUD or Seller, as the case may be, shall be excused from performance under this Agreement, except for the payment of money, to the extent, but only to the extent, that performance hereunder is prevented by an act or event of Force Majeure. The Party invoking Force Majeure shall exercise due diligence to overcome or mitigate the effects of such an act or event of Force Majeure; provided, however, that nothing in this Agreement shall be deemed to obligate the Party invoking Force Majeure (a) to forestall or settle any strike, lock-out or other labor dispute against its will; or (b) for Force Majeure affecting Seller only, to purchase electric power to cure the event of Force Majeure.

11.2 Notice of Force Majeure. In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party invoking Force Majeure shall, as soon as practicable under the circumstances, notify the other Party in writing of the nature, cause, date of commencement thereof and the anticipated extent of any delay or interruption in performance.

11.3 Termination Due to Force Majeure Event. If a Party is prevented from performing its material obligations under this Agreement for a period of twelve (12) consecutive months or longer due to Force Majeure, the unaffected Party may terminate this Agreement, without liability of either Party to the other, upon thirty (30) days written notice at any time during the Force Majeure event.

12. Indemnity.

12.1 Indemnity by Seller. Seller shall defend, release, indemnify and hold harmless SMUD, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees, resulting from, or arising out of or in any way connected with claims by third parties associated with or relating to: (i) the Energy delivered up to the Delivery Point; (ii) Seller's operation and/or maintenance of the Facility; or (iii) the negligence or willful misconduct of Seller in performing its obligations under this Agreement; excepting only such loss, claim, demand, liability, expense, action or suit to the extent caused by the willful misconduct or gross negligence of SMUD, its agents, employees, directors or officers.

12.2 Indemnity by SMUD. SMUD shall defend, release, indemnify and hold harmless Seller, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees resulting from, or arising out of or in any way connected with claims by third parties associated with or relating to: (i) the Energy delivered by Seller under this Agreement after the Delivery Point, or (ii) the negligence or willful misconduct of SMUD in performing its obligations under this Agreement; excepting only such loss, claim, demand, liability, expense, action or suit to the extent caused by the willful misconduct or gross negligence of Seller, its agents, employees, directors or officers.

13. Limitation of Damages. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY HEREIN PROVIDED. EXCEPT WITH REGARD TO INDEMNIFICATION OF THIRD PARTY CLAIMS IN ACCORDANCE WITH SECTION 12, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, OR OTHERWISE. THE PARTIES AGREE THAT (A) ANY LIQUIDATED DAMAGES SET FORTH HEREIN, (B) SMUD's AND SELLER's RESPECTIVE COSTS TO COVER DAMAGES, (C) THE VALUE OF ANY TAX BENEFITS, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO SMUD's BREACH OR DEFAULT, (D) AMOUNTS DUE IN CONNECTION WITH THE RECAPTURE, IF ANY, AND (E) ANY OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR HEREIN SHALL BE DEEMED DIRECT DAMAGES AND DO NOT REPRESENT SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES. IN NO EVENT WILL A PARTY BE LIABLE TO THE OTHER PARTY FOR DAMAGES IN EXCESS OF THE TERMINATION PAYMENT UNDER SECTION 8, EXCEPT WITH REGARD TO INDEMNIFICATION OR THIRD PARTY CLAIMS IN ACCORDANCE WITH SECTION 12. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 12, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE TERMINATION PAYMENT UNDER SECTION 8.6 IS NOT SUBJECT TO THE LIMITATION OF DAMAGES PROVISION SET FORTH IN THIS SECTION 13.

14. Representation and Warranties; Covenants.

14.1 Representations and Warranties. On the Effective Date, each Party represents and warrants to the other Party that:

14.1.1 It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

14.1.2 The execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

14.1.3 This Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;

14.1.4 It is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its actual knowledge, threatened against it which would result in it being or becoming Bankrupt;

14.1.5 There are not pending or to its actual knowledge threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under this Agreement; and

14.1.6 It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of, and understands and accepts, the terms, conditions and risks of this Agreement.

14.2 Additional Representations and Warranties by Seller. Seller represents and warrants to SMUD that the Facility is an Eligible Renewable Energy Resource and shall, for the term of this Agreement, continue to meet the requirements to be an Eligible Renewable Energy Resource in effect at the Effective Date.

14.3 General Covenants. Each Party covenants that throughout the Term of this Agreement:

14.3.1 It shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

14.3.2 It shall maintain (or obtain from time to time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement; and

14.3.3 It shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it.

15. Notices. Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service or electronic messaging (e-mail). Whenever this Agreement requires or permits delivery of a “notice” (or requires a Party to “notify”), the Party with such right or obligation shall provide a written communication in the manner specified below. A notice sent by email will be recognized and shall be deemed received on the

Business Day on which such notice was transmitted if received before 5 p.m. Pacific prevailing time (and if received after 5 p.m., on the next Business Day) and a notice by overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior oral communication, in which case any such notice shall be deemed received on the day sent. A Party may change its addresses by providing notice of same in accordance with this provision. All written notices shall be directed as shown in Exhibit I. Either Party may request a change to Exhibit I as necessary to keep the Exhibit I information current.

16. Release of Data. Seller authorizes SMUD to release to any regulatory authority having jurisdiction, and to its contractors, information regarding the Facility, including but not limited to Seller's name and location, operational characteristics, Term of Agreement, Facility resource type, Scheduled Commercial Operation Date, actual Commercial Operation Date, Contract Capacity, and Energy production. Seller acknowledges that this information may be made publicly available.

17. Set Off. SMUD shall be entitled to offset amounts owed by Seller to SMUD under this Agreement or the Interconnection Agreement from the amounts owed by SMUD to Seller under the Agreement.

18. Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, notwithstanding the foregoing, no consent shall be required:

18.1 Seller Financing. In connection with any transfer, sale, pledge, encumbrance, or assignment of this Agreement or the accounts, revenues or proceeds therefrom in connection with any financing or other financial arrangements (including any tax equity or lease financing) by Seller, and in connection therewith, upon written request of Seller, SMUD will negotiate an estoppel, consent, acknowledgment and/or other agreement between Seller and Seller's lender or other financing parties in the form reasonably acceptable to SMUD and SMUD further agrees to comply with the provisions set forth in Exhibit L to this Agreement;

18.2 Seller Affiliates. Any assignment or transfer of this Agreement by Seller to an affiliate of Seller, provided that such affiliate's creditworthiness is equal to or better than that of Seller, or is sufficient to satisfy Seller's obligations under this Agreement, as reasonably determined by SMUD; and

18.3 Transfer of Assets. Any assignment or transfer of this Agreement by Seller or SMUD to a Person or entity succeeding to all or substantially all of the assets of such Party, provided that such Person's or entity's creditworthiness is equal to or greater than that of such Party, or is sufficient to satisfy the assigning or transferring Party's obligations under this Agreement, as reasonably determined by the non-assigning or non-transferring Party.

19. Applicable Law; Dispute Resolution.

19.1 Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

19.2 Dispute Resolution. If the Parties are unable to resolve a dispute with respect to this Agreement, either Party shall send a notice to the other requesting a meeting at which senior officers or officials of the Parties shall attempt to resolve the dispute. If the Parties are unable to resolve the dispute within ten (10) calendar days after the meeting notice is received by the Party to whom it is directed, or such longer period as the Parties may agree, then either Party may elect to resolve such dispute in the courts of the State of California. The venue shall be the Superior Court in Sacramento County. Each Party shall pay and be responsible for their own attorney fees.

20. Severability. If any provision in this Agreement is determined to be invalid, void or unenforceable by any court or arbitration panel having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement and the Parties shall use commercially reasonable efforts to modify this Agreement to give effect to the original intention of the Parties.

21. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by PDF transmission will be deemed as effective as delivery of an originally executed counterpart. Each Party delivering an executed counterpart of this Agreement by PDF transmission will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

22. General. No amendment to, modification of, or waiver under this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only.

23. Mobile-Sierra. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the “public interest” application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 US 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 US 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish*, 554 U.S. 527, 128 S. Ct. 2733 (2008) and *NRG Power Mktg., LLC v. Maine Pub. Util. Comm’n*, 130 S. Ct. 503 (2010).

24. Service Contract; Forward Agreement. The Parties intend that this Agreement will be treated as a service contract pursuant to Section 7701(e)(3) of the Internal Revenue Code for the sale to SMUD of energy produced at an alternative energy facility, and the Parties shall not file any tax returns inconsistent with such treatment. The Parties agree that this Agreement constitutes a ‘forward contract’ as defined in the United State Bankruptcy Code.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below.

SACRAMENTO MUNICIPAL UTILITY DISTRICT	FOREFRONT POWER, LLC
By: ___________________________	By: ________________________________
Name:	Name:
Title:	Title:
Date: __________________________	Date: ______________________________

EXHIBIT A
DESCRIPTION AND LOCATION OF FACILITY

A.1 The Facility is described as: Grant Union High School Front-of-the-Meter Solar Project, and all associated auxiliary equipment.

A.2 The Facility is in Sacramento County, California and is located at 1400 Grand Avenue, Sacramento, CA 95838.

A.3 The Facility's technology is: solar photovoltaic

A.4 The Contract Capacity is 0.600 $MW_{AC.}$

A.5 The Expected First-Year Annual Energy Output of the Facility is 1,110,376kWh.

A.6 The Delivery Point is the Transformer TX-0182246 and Transformer TX-001277767 located as shown in Exhibit C to the Interconnection Agreement.

A.7 The Scheduled Commercial Operation Date is 11/04/2027.

A.8 This Exhibit A may be amended, revised, and/or modified pursuant to Section 2.1 of the Agreement and/or upon the mutual consent of both Parties, following which such amended, revised, and/or modified Exhibit A shall then become part of the Agreement to reflect changes to the information contained within Exhibit A.

EXHIBIT B
CONTRACT PRICE

B.1 Seller shall sell and deliver, and SMUD shall purchase and receive (or cause to be received), all Products by the Facility during the Term.

The Contract Price shall be a not-to-exceed amount of $0.2619/kWh, subject to decrease based on a SMUD Prepayment and/or property tax applicability. The Contract Price options are included in the table below, and such Contract Price shall be:

Grant Union High School – Price Scenarios	Pre-Pay PPA ($/kWH) (600 kW)	No-Pre-Pay PPA ($/kWH) (600 kW)
Property Taxes excluded	$0.1307/kWh	$0.2372/kWh
Property Taxes included	$0.1547/kWh	$0.2619/kWh

B. 2 Changes to Exhibit B. The Parties, upon mutual agreement, will revise this Exhibit B as appropriate to update the Contract Price prior to the Commercial Operation Date, subject to the applicable option in the table above. Upon such change, a new Exhibit B will be issued which shall then become part of the Agreement to reflect the change. No formal amendment of the Agreement is required to update this Exhibit B.

B.3 Effective Date
Upon issuance of a new Exhibit B, the Parties will insert a new effective date for this Exhibit B, which will replace the prior Exhibit B.

____
Month, Day, Year

____
Signature of Seller

____
Signature of SMUD

EXHIBIT C
FACILITY PERFORMANCE BENCHMARKS

Contract Year	Expected Annual Energy Production (EAEP) MWh	Minimum Annual Energy Production (MAEP) MWh
1	1,131,545	1,018,390
2	1,125,887	1,013,298
3	1,120,258	1,008,232
4	1,114,656	1,003,191
5	1,109,083	998,175
6	1,103,538	993,184
7	1,098,020	988,218
8	1,092,530	983,277
9	1,087,067	978,360
10	1,081,632	973,469
11	1,076,224	968,601
12	1,070,842	963,758
13	1,065,488	958,939
14	1,060,161	954,145
15	1,054,860	949,374
16	1,049,586	944,627
17	1,044,338	939,904
18	1,039,116	935,204
19	1,033,921	930,528
20	1,028,751	925,876
21	1,023,607	921,246
22	1,018,489	916,640
23	1,013,397	912,057
24	1,008,330	907,497
25	1,003,288	902,959

Both the Expected Annual Energy Production (EAEP) and Minimum Annual Energy Production (MAEP) include an annual degradation rate of approximately 0.5%.

EXHIBIT D
Expected Capacity of Facility By Month

Monthly Average Annual Solar Insolation:

Month	GlobHor (kWh/m^2)
January	64.6
February	87.7
March	142.6
April	187.4
May	236.4
June	250.1
July	256.9
August	227.3
September	178.5
October	133.2
November	81.0
December	59.3
Year	1905.0

EXHIBIT E
COMMERCIAL OPERATION DATE CONFIRMATION LETTER

In accordance with the terms of that certain Power Purchase Agreement dated ________________(“Agreement”) by and between the Sacramento Municipal Utility District (“SMUD”) and [●] (“Seller”), this letter serves to document the parties further agreement that (i) the conditions precedent to the occurrence of the Commercial Date have been satisfied, and (ii) SMUD has received the energy, as specified in the Agreement, as of __________, 20__.

This letter shall confirm the Commercial Operation Date, as defined in the Agreement, as the date referenced in the preceding sentence.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below:

Sacramento Municipal Utility District	[●]
By: ________________________	By: _________________________
Name:	Name:
Title:	Title:
Date: _________________________	Date:________________________

EXHIBIT F
CAPACITY ATTRIBUTE REPORTING AND CONVEYANCE PROCEDURE

F.1 Additional Definitions for the Conveyance of Capacity: None.

F.2 Reporting of Capacity Attributes. SMUD will report the Capacity Attributes acquired herein in any regulatory filing that SMUD is required to make in order to declare the Capacity of the Facility (or any portion thereof) as meeting SMUD's Capacity planning requirement (also known as Resource Adequacy).

F.3 Changes in Capacity Attribute Conveyance Procedure. Subject to Section 4.3 of this Agreement, SMUD shall revise this Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F, which shall then become part of the Agreement in the event that the method for reporting and conveying Capacity Attributes changes from the process described herein, provided that in no event will such revised Exhibit F cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

EXHIBIT G

OUTAGE NOTIFICATION PROCEDURE

G.1 Outage Notifications by Seller. Outage notices shall contain information regarding the beginning date and time of the event resulting in the change in Available Capacity, the expected end date and time of such event, the expected Available Capacity in MW (AC), and any other necessary information.

G.1.1 Planned Outage Notifications. In addition to the 30 days advance written notice in regard to a Planned Outage as per Section 7.3 of the Agreement, Seller shall notify SMUD at least 72 hours in advance of Planned Outages that result in a reduction in the effective output of the Facility during period over which the Planned Outage is scheduled. Notification should be by email to the addresses shown in the Outages section of the Notices, Exhibit I.

G.1.2 Notification of PV Array Cleaning. If Seller has scheduled cleaning for PV arrays, Seller shall notify SMUD at least 72 hours in advance of scheduled cleaning, and should include details of the cleaning plan. Seller shall also follow-up with SMUD after cleaning of the Facility in order to verify the actual cleaning dates and times. Notification should be made by email to the addresses shown in the Outages section of the Notices, Exhibit I.

G.1.3 Forced Outage Notifications. Pursuant to Section 7.4 of the Agreement, as soon as reasonably practical, but not later than 30 minutes after a Forced Outage of the Facility that will reduce the Capacity of the Facility by 10 percent or more with a Forced Outage duration of 30 minutes or more, Seller shall notify SMUD of the Forced Outage, including the Capacity of the Facility that is impacted, and the expected duration of the Forced Outage. Prior to the return of the Facility to service following such Forced Outage Seller shall notify SMUD of the return to service details as soon as reasonably practical. Notification may be made by email or phone as shown in the Outages section of the Notices, Exhibit I.

G.1.4 Changes in Outage Notification Procedure. Upon mutual consent of both Parties, SMUD shall revise this Exhibit G as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit G, which shall then become part of the Agreement to reflect changes in the Outage Notification Procedure.

EXHIBIT H
ENVIRONMENTAL ATTRIBUTE REPORTING AND CONVEYANCE PROCEDURE

H.1 Additional Definitions for the Conveyance of Environmental Attributes:

"Certificate Transfers" means the process, as described in the WREGIS Operating Rules whereby a WREGIS account holder may request that WREGIS Certificates from a specific generating unit be directly deposited into another WREGIS account.

"WREGIS" means the Western Renewable Energy Generation Information System, sponsored by the WECC and utilized by the CEC for tracking the generation and transfer of RECs. The URL for WREGIS is www.WREGIS.org.

"WREGIS Certificates" means a certificate created within the WREGIS system that represents all Renewable and Environmental Attributes from one MWh of electricity generation from an Eligible Renewable Energy Resource that is registered with WREGIS.

"WREGIS Operating Rules" means the document published by WREGIS that govern the operation of the WREGIS system for registering, tracking, conveying, etc. Renewable Energy Credits produced from Eligible Renewable Energy Resources that are registered with WREGIS.

H.2 Renewable Energy Credits. Pursuant to the terms and conditions of the Agreement, Environmental Attributes shall be conveyed by Seller to SMUD through Renewable Energy Credits ("RECs") which shall be registered tracked and conveyed to SMUD using WREGIS.

H.3 WREGIS Registration. Prior to the Commercial Operation Date, SMUD will initiate registration of the Facility in SMUD's WREGIS account on behalf of Seller. Final acceptance by WREGIS requires submittal by SMUD of the Commercial Operation Date Confirmation Letter. SMUD shall charge back to Seller any costs for issuance or creation of WREGIS Certificates for the Facility.

H.4 SMUD's WREGIS Account. SMUD shall, at its sole expense, establish and maintain SMUD's WREGIS account sufficient to accommodate the WREGIS Certificates produced by the output of the Facility. SMUD shall be responsible for all expenses associated with (A) establishing and maintaining SMUD's WREGIS Account, and (B) subsequently transferring or retiring WREGIS Certificates.

H.5 Qualified Reporting Entity. SMUD shall be the Qualified Reporting Entity for the Facility, and shall be responsible for providing metered Facility output data to WREGIS.

H.6 Reporting of Environmental Attributes. In lieu of Seller transferring the WREGIS Certificates using Certificate Transfers from Seller's WREGIS account to the WREGIS account of SMUD, SMUD shall report the Facility as being directly in its WREGIS account, which will preclude Seller from reporting the Facility in its own WREGIS account.

H.6.1 By avoiding the use of Certificate Transfers, there will be no transaction costs to Seller or SMUD for the Certificate Transfers that would otherwise be used.

H.6.2 WREGIS Certificates for the Facility will be created on a calendar month basis in accordance with the certification procedure established by the WREGIS Operating Rules in an amount equal to the Energy generated by the Facility and delivered to SMUD in the same calendar month.

H.6.3 WREGIS Certificates will only be created for whole MWh amounts of energy generated. Any fractional MWh amounts (*i.e.*, kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate and all such accumulated MWh of Environmental Attributes will then be available to SMUD.

H.6.4 Should a WREGIS Certificate Modification be required to reflect any errors or omissions regarding the Environmental Attributes from the Facility SMUD will manage the submission of the WREGIS Certificate Modification.

H.6.5 Due to the expected delay in the creation of WREGIS Certificates relative to the timing of invoice payments under Section 2.4 of the Agreement, SMUD shall make an invoice payment for a given month in accordance with Section 2.4 of the Agreement before the WREGIS Certificates for such month may be created in SMUD's WREGIS account. Notwithstanding this delay, SMUD shall have all right and title to all such WREGIS Certificates upon payment to Seller in accordance with Section 2.4 of the Agreement.

H.7 Changes in Environmental Attributes Reporting and Conveyance Procedure. Subject to Section 3.6 of the Agreement, SMUD shall amend this Exhibit H as appropriate, give written notice Seller regarding the revision, and issue a new Exhibit H which shall then become part of the Agreement, in order to reflect changes necessary in the Environmental Attribute conveyance procedure for SMUD to be able to receive and report the Environmental Attributes purchased under this Agreement as belonging to SMUD, provided that in no event will such amendment cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

EXHIBIT I
ADDRESSES FOR NOTICES

All notices shall be directed as follows:

I.1 For Contract Administration

To SMUD:
Sacramento Municipal Utility District
Tom Moore
Research and Development

6201 S Street
Sacramento, CA 95817-1899

Or,

P.O. Box 15830
Sacramento, CA 95852-1830

Phone: (916) 732-5064
Email: Tom.Moore@SMUD.Org

To Seller:

Forefront Power, LLC
255 California St. Suite 900
San Francisco, CA 94111
Phone: 855-204-5083
Attn: Legal
Email: FPLegal@forefrontpower.com

I.2 For Billing and Settlements

To SMUD:
Energy Settlements

Phone: (916) 732-6312
Email: EnergySettlements@smud.org

To Seller:
Forefront Power, LLC
255 California St. Suite 900
San Francisco, CA 94111
Phone: 855-204-5083
Attn: Accounts Payable

Email: AP@forefrontpower.com

I.3 For Scheduling

To SMUD:
Day Ahead Trading Desk

Phone: (916) 732-5669
Email: dayaheadtrading@smud.org;

To Seller:
Forefront Power, LLC
255 California St. Suite 900
San Francisco, CA 94111
Attn: Asset Management
Phone: 855-204-5083
Email: AssetManagement@forefrontpower.com

I.4 Outage process

PROCESS
The SMUD Power System Operations (PSO) is responsible for ensuring that each generating facility(ies) data is input into EMS for energy and capacity purposes, and to keep track of each facility status to ensure that after-the-fact accounting may take place. Planned outages that require SMUD switching are to be scheduled in the current outage application used by Distribution System Operations (DSO) and then communicated by DSO to PSO similar to other distributed generating resources.

The SMUD DSO is responsible for the distribution system connected to the Facility and to ensure changes in generation do not create an adverse impact to the safe operation of the SMUD Distribution System.

SMUD shall give the Facility reasonable notice of the possibility that interruption or reduction of deliveries may be required if permitted under the Agreement. Since the Facility is connected to the SMUD Distribution System, this will be the responsibility of the SMUD DSO.

1. Planned Outages
Seller shall notify SMUD DSO outage coordinator at least 72 hours in advance of Planned Outages with an email containing the outage date and time and return date and time. This will be a requirement for Facility maintenance or other work that curtails the energy output to SMUD. DSO Outage Coordination will notify PSO via email of the planned outage. The email address to submit the outage notification is DSOOC@smud.org,
(916) 455-1671.

2. Planned Outages-DSO

DSO planned distribution circuit outages must be communicated to PSO Outage Coordination (PSOOC) in accordance with SP-116, outage coordination procedure. The DSO will process the request in their outage application. The DSO shall then notify the Seller.

3. Planned Outages in Real-Time
DSO will notify the PSO that the Facility is off-line once they are made aware of it. The DSO will also notify the PSO of the Facility return to service once they are made aware of it. If there are questions regarding the maintenance outage time (either the take out or go back), the DSO should call Facility. This call will be logged and the PSO shall be informed by the DSO.

4. Forced Outages
Seller is obligated to report outages to the DSO within 24 hours of the start of the outage or Facility curtailment. The Seller will report the date and time the outage occurred and estimated time of return (ERT). The DSO will notify the PSO with the details. Once the Facility returns, the Seller will contact the DSO who will log the time and date of the Facility return and then notify the PSO. When the distribution circuit connected to the Facility experiences sustained interruption the DSO will take the necessary information to document the outage and then shall notify the PSO.

I.5 Changes to Exhibit I

Either Party may request a change to Exhibit I as necessary to keep the information current.

EXHIBIT J
INSURANCE REQUIREMENTS

[For Example Only. Limits May Vary]

	TYPE OF COVERAGE		MINIMUM COVERAGE LIMITS	
☒	**Commercial General Liability (CGL)**		**Occurrence**	**Aggregate**
	ISO form CG 0001 04 13, or other acceptable to SMUD. ☒ Additional Insured Endorsement- Including on-going and products/completed operations ☒ Coverage Limits shall be endorsed to be dedicated on a per contract or per project basis ☒ Coverage shall include damage to property in your care, custody or control	Bodily Injury, Property Damage, Contractual Liability Policy limits may be met through a combination of a policy and/or umbrella policy. *Such limits may be re-evaluated and escalated from time to time by SMUD; however, unless there are claims, no escalation in minimum limits required will occur during the first 5 years of the Agreement, or more than once during any 5 year period of the Agreement thereafter, with the exception for adjustments should claims arise and/or adverse loss history development occur..	$5M*	$5M*
☒	**Business Automobile Liability (BAL)**		**Individual**	**Accident**
	To the extent Seller owns, leases, hires, or borrows any private passenger and/or commercial vehicles, covering claims arising from ownership, operation, loading, unloading owned, hired, leased, non-owned, and /or borrowed private passenger and commercial vehicles. Seller shall require its general contractor to maintain at least the same minimum coverage limits. ☒ Additional Insured Endorsement	Bodily Injury, Property Damage	$2M	$2M
☒	**Environmental Impairment Liability (EIL) / Contractor's Pollution Liability (CPL)**		**Occurrence**	**Aggregate**
	Covering claims arising from handling, abatement, and transport of pollutants including asbestos and lead paint ☒ Additional Insured Endorsement	Bodily Injury, Property Damage	$1M	$1M
☒	**California Workers Compensation (WC)** Including US Longshore & Harbor Workers Coverage where applicable		**CA Statutory Limits**	
	☒ **Employer's Liability (EL)**		**Per Employee**	**Aggregate**
	Covering Bodily Injury by Accident & Bodily Injury by Disease		$ 1 M	$ 1 M
☒	**Other**		**Each Claim**	**Aggregate**
	☒ Property ☐ Cargo/Transit ☐ Add'l Insured	Replacement cost of plant and damage to premises leased from SMUD.	Replacement Cost	Replacement Cost

Primary Coverage: Insurance required above shall be primary as respects: SMUD, its directors, officers, representatives, agents, employees, lessors and/or any other person or entity for which SMUD has agreed in writing that its contractors shall include as an additional insured (collectively hereinafter referred to as "The Parties") and any other insurance effected or procured by any or all of The Parties shall be excess of and shall not contribute with the required insurance.

Additional Insureds Severability of Interests, Waivers of Subrogation: These policies, with the exception of WC, EL and E&O coverages, shall name The Parties as additional insureds as respects to liability arising from or in relation to this Agreement and Contractor's use of the property, including but not limited to coverage for The Parties during any construction and operations performed pursuant to or incidental to this Agreement (including coverage for ongoing and products/completed operations hazards). Contractor shall submit additional insured endorsements to SMUD for approval. CGL severability of interests (cross liability), and CGL, BAL, Property, and WC waiver of subrogation clauses shall be included. Pursuant to the terms of this Agreement, insurance effected or procured by Contractor shall not reduce or limit Contractor's obligation to indemnify and defend The Parties for claims made or suits brought which result from, or in connection with, the performance of this Agreement.

Products/Completed Operations: The coverages required herein, when written on an occurrence form, shall be maintained during the entire term of the Agreement. Coverages written on a claims-made form, and E&O, EIL coverage shall be maintained during the entire term of the Agreement and further until at least three years following completion and acceptance of all work under this Agreement. Additional insured endorsements providing products/completed operations coverage shall continue to provide coverage through the expiration of time within which a claim may be filed under all applicable laws.

Insurer Security: Insurers shall be rated A- / IX or better by A.M. Best, or shall be otherwise acceptable to SMUD. Insurers need not be admitted by the State of California.

Insurance Certificates, Endorsements, Notice of Policy Change/Cancellation: Before commencing work under this Agreement, Contractor's broker or agent shall provide copies of additional insured and waiver of subrogation endorsements, as well as deletion of railroad exclusionary language endorsement (if applicable), and certificates of insurance verifying that at least the minimum insurance coverages required above are in effect. In the event of a loss or claim potentially arising out of Contractor's Scope of Services, Contractor shall promptly provide complete copies of its insurance policies upon written request by SMUD. Certificates must disclose any self-insured retention of $250,000 or more. Certificates must specify whether the liability coverages are written on an occurrence form or a claims-made form. There shall be no change(s) to or cancellation(s) of coverage(s) resulting in the Contractor becoming non-compliant with the insurance coverage required herein this Agreement. In the event a change or cancellation will result in Contractor becoming non-compliant with the insurance coverage required herein, Contractor shall provide thirty (30) days advance written notice to SMUD of any such change or cancellation. Contractor's failure to provide such advance written notice shall be construed to be a material breach of this Agreement.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
P. O. BOX 15830, SACRAMENTO, CA 95852-1830
ATTENTION: Tom Moore

EXHIBIT K
FORM OF EASEMENT

[to be attached]

EXHIBIT L
CERTAIN AGREEMENTS FOR THE BENEFIT OF THE FINANCING PARTIES

Subject to the provisions in Section 18.1, SMUD acknowledges that Seller will be receiving financing accommodations from one or more Financing Parties and that Seller may sell or assign the Facility or this Agreement and/or may secure Seller's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such necessary sale, conveyance, or financing, and with respect to any such Financing Party, SMUD agrees as follows:

(a) Consent to Collateral Assignment. Subject to agreement and reasonable acceptance by SMUD, SMUD consents to either the assignment, sale or conveyance to a Financing Party or the collateral assignment by Seller to a Financing Party, of Seller's right, title and interest in and to this Agreement.

(b) Notices of Default. SMUD will deliver to the Financing Party, concurrently with delivery thereof to Seller, a copy of each notice of default given by SMUD under this Agreement, inclusive of a reasonable description of Seller default. No such notice will be effective absent delivery to the Financing Party. SMUD will not mutually agree with Seller to cancel, modify or terminate this Agreement without the written consent of the Financing Party, however, this provision shall not be interpreted to limit any termination rights of either Party as set forth in this Agreement.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement:

i. The Financing Party shall be entitled to exercise, in the place and stead of Seller, any and all rights and remedies of Seller under this Agreement in accordance with the terms of this Agreement and only in the event of Seller's or SMUD's default. The Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement and the Facility.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Seller thereunder or cause to be cured any default of Seller thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Seller under this Agreement or (unless the Financing Party has succeeded to Seller's interests under this Agreement) to perform any act, duty or obligation of Seller under this Agreement, but SMUD hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Seller to the Financing Party (or any assignee permitted under Section 18 of the Agreement) in lieu thereof, the Financing Party shall give notice to SMUD of the transferee or assignee of this Agreement (or seek consent, if required by Section 18 of the Agreement). Any such exercise of remedies shall not constitute a default under this Agreement.

iv. Upon rejection or other termination of this Agreement pursuant to any process undertaken with respect to Seller under the United States Bankruptcy Code, at the request of the Financing Party made within ninety (90) days, SMUD shall enter into a new agreement with the Financing Party or its designee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. SMUD will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Seller) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within the periods provided for in this Agreement.

ii. If the Financing Party (including any SMUD or transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Seller's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect

RESOLUTION NO. 26-08-07

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-5, Customer Relations**, substantially in the form set forth in **Attachment D** hereto and made a part hereof.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

Attachment D
to Resolution No. 26-08-07

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** August 5, 2026

FROM: Claire Rogers CR 8/5/26

SUBJECT: **Audit Report No. 28008030**
Board Monitoring Report; SD-5: Customer Relations

Internal Audit Services (IAS) received the SD-5 *Customer Relations* 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Lora Anguay

Board Monitoring Report 2026
SD-5 Customer Relations

1) **Background**

Strategic Direction 5 states that:

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets the customer satisfaction target of 95 percent with no individual component measured falling below 85 percent.

In addition, the Board establishes an overall customer experience "value for what you pay" target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

a. SMUD customers shall be treated in a respectful, dignified and civil manner.

b. SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

2) **Executive summary**

To ensure customers are receiving the highest quality of service, SMUD measures the satisfaction of key interactions with SMUD: Outages, Tree Trimming, Bill Inquiries, New Connections, IVR Payments, and IVR Payment Arrangements.

In addition, we measure Value for What You Pay as value drives customer loyalty. Value is defined as the trade-off between the perceived benefits a customer gets to the cost they have to pay for the benefits. Knowing what customers value allows SMUD to tailor services, products, and offerings to sustain customer relationships as the utility market evolves. SMUD is measuring customer perceived value because SMUD believes it is an effective early indicator of customer loyalty. When customers have options to choose alternatives, whether alternatives in energy, energy advisement, and other related services, we want our customers to continue choosing SMUD.

High satisfaction in these key interactions below and a high Value for What You Pay score support SMUD's purpose and vision to act in the best interests of our customers and community.

a) SMUD is in compliance with SD-5.

- SMUD has exceeded the target of 95% with an overall Customer Satisfaction of **97%**. All six components exceeded the goals.

- SMUD achieved a **72%** overall Value for What You Pay score, with neither Residential nor Commercial falling below their prescribed floors.

Metric	**2025 performance**	**2024 performance**	**2023 performance**	**2022 performance**	**2021 performance**
Customer Satisfaction Level	97%	97%	97%	97%	97%
Tree Trimming	96%	95%	96%	95%	96%
New Connects	99%	99%	98%	98%	99%
Bill Inquiries	95%	94%	94%	96%	96%
Outage Communication	97%	97%	94%	96%	94%
IVR Payment	95%	97%	97%	98%	98%
IVR Payment Arrangement	92%	95%	95%	95%	94%
Value for What You Pay	72%	70%	71%	71%	76%
Commercial	73%	70%	72%	73%	79%
Residential	71%	69%	70%	70%	73%

3) **Additional supporting information:**

Respectful Customer Treatment: Compliant
SMUD customers are treated in a respectful, dignified and civil manner. SMUD employees are trained to deliver quality customer experience through extensive, multi-channel employee competency development.

Respectful Customer Treatment Supporting Information:

- Instructor Led training – 968 attendees
- Real Time Training (bulletin and 30-seconds of education) – 336
- Customer touchpoints and journey assessed and designed – 14

Hearing Appeal Process: Compliant
Customers are made aware of SMUD's Hearing and Appeal process through multiple channels. The back page of every paper bill describes the process. In addition, the process is described in detail on the SMUD website and is linked from the digital bill in My Account.

0 hearings were conducted in 2025, as staff successfully resolved all escalations within standard customer communication channels.

4) **Challenges**

SMUD's residential customers continue to face significant financial pressure driven by broader economic conditions. Rising prices for gasoline, groceries, and other essential goods are creating cascading impacts across household budgets and contributing to overall customer stress. SMUD customer research indicates that 68% of SMUD residential customers describe their current outlook in negative terms, most commonly using words such as *concerned* and *stressed*. Regional research further shows a declining perception of employment opportunities since 2024, and only 17% of Sacramento County residents believe the economy will positively affect their family income over the next six months. These conditions are compounded by the retraction of certain federal grants previously intended to support customer energy upgrades and the potential risk of additional federal support withdrawal from low-income families.

These external pressures are occurring at a time when customer expectations for service continue to rise. Energy remains a low-attention necessity for most customers; they do not want greater complexity or increased effort in managing their service. Instead, customers increasingly expect simple, fast, and friction-free experiences that help them remain in control of their energy costs. The growing availability of AI-enabled tools in other sectors is also shaping expectations for faster service, more tailored information, and highly personalized guidance. For SMUD, this means maintaining strong performance on core service fundamentals while translating energy complexity into clear, accessible, and customer-centered solutions.

In response, SMUD is taking a range of actions to support customers and mitigate the effects of these future-year challenges. Customer communications are being strengthened through automated alerts and expanded outreach channels to notify customers in advance when crews will be on their property or when work may result in outages. These efforts are intended to reduce surprises, improve transparency, and build trust. SMUD has also implemented a new low SIFC rate designed to better align with the usage patterns and affordability needs of lower-use customers.

SMUD continues to expand education and program offerings into additional low- and moderate-income neighborhoods, with an emphasis on increasing awareness of both energy-related and non-energy-related customer benefits. At the same time, the organization continues to support regional economic and workforce development efforts that contribute to long-term customer and community resilience. Internally, SMUD is leveraging AI to support its workforce in delivering improved customer service through more effective segmentation, faster insights, and more tailored solutions.

Additional strategies include targeted electrification efforts that are balanced with cost-effectiveness considerations, development of a middle-income customer strategy to better address the needs of customers who may not qualify for traditional assistance yet remain financially vulnerable, close management of arrearages to identify and address emerging payment issues early, and continued expansion of in-language support to improve access and equity in service delivery.

Collectively, these efforts are intended to help customers navigate a period of financial uncertainty while reinforcing SMUD’s commitment to affordability, reliability, transparency, and ease of service.

5) **Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-5

6) **Appendices**

Not applicable.

RESOLUTION NO. 26-08-08

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-15, Outreach and Communication**, substantially in the form set forth in **Attachment E** hereto and made a part hereof.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

Attachment E
to Resolution No. 26-08-08

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** August 5, 2026

FROM: Claire Rogers CR 8/5/26

SUBJECT: **Audit Report No. 28008031**
Board Monitoring Report; SD-15: Communication & Outreach

Internal Audit Services (IAS) received the SD-15 Communication & Outreach 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Lora Anguay

Board Monitoring Report 2025
SD-15 Board Strategic Direction on Outreach and Communication

1) **Background**

Strategic Direction 15 states: Providing broad outreach and communication to SMUD's customers and the community is a key value of SMUD.

Specifically:

a. SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.
b. SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
c. SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.

2) **Executive summary**

Strategic Direction 15 requires SMUD's communication and community outreach activities to reflect the diversity of our customers and the community we serve, using a broad mix of communication channels. In accordance, we look at our marketing and outreach activities by communication channel, as well as the customer awareness of various programs and services by ethnicity.

SMUD is in compliance with SD-15 Outreach and Communication.

In spring 2025, we launched a new phase of our Clean PowerCity® campaign – We Power Business. The multi-language and multi-channel campaign built on our Clean Power Promise campaign, highlighting the many benefits we deliver to our business customers – low rates, reliability, personalized service and clean energy. Our 60,000+ business customers account for more than $270 million in annual revenue to SMUD, with small and medium businesses employing more than 700,000 people in our region. Simply put, when businesses thrive, so does our region. The campaign featured SMUD customers and our Strategic Account Advisers highlighting ways we help businesses grow and decarbonize, while offering incentives, programs and personalized service.

We also continued to inform and educate our customers with our summer Time-of-Day (TOD) campaign featuring energy-saving tips to save money and stay comfortable during the summer months. We expanded our low rates campaign, which also reinforces that SMUD is community-owned and not-for-profit. The campaign ran on billboards, digital channels in social media and in our newsletters. The campaign emphasized the value of our rates, which are on average at least 50% lower than those of PG&E, and saved our customers about $1.8 billion in 2025. Extensive program marketing and outreach ran throughout the year in multiple channels and at events for programs including EAPR, Greenergy, EnergyHELP, the EV discount rate, rebates, the Shade Tree program and more.

SMUD could be seen or heard in more than a dozen customer-facing communication channels (in addition to at events). We continue to seek out and support community events and other new opportunities to reach customers, recognizing communication channels can be limited in our service territory for those that prefer communications in languages other than English. We continued to provide outreach and communication materials in-language in 2025, with information in up to 23 different languages and dialects, including Braille.

We delivered more than 20 marketing campaigns and continued to grow our presence at events participating in 1,935 community events, workshops and partnerships. At all community events, we continued to encourage customers to join us in our journey to a clean energy future by providing information about the benefits of reducing carbon and promoting dozens of tips so customers could show their support and take personal action.

Events and partnerships reflected the diversity of our community, including cultural, ethnic and/or special populations, including LGBTQ+, low income, military, seniors, disabilities, education, environmental, health & safety, STEM, agriculture, all electric, electric vehicles, faith, literacy, homeowner associations, young adults (18-30) and youth (0-17). See Appendices A and B.

We also look at trends for the overall awareness of a cross-section of SMUD's programs and services, segmented by ethnicity. The segments include Asian American & Pacific Islander, Hispanic, Black and White. The programs measured are Rebates & Incentives, Energy Assistance Program Rate (EAPR), Greenergy, Electric Vehicle (EV) discount rate and SMUD Mobile App. See charts in Appendix B.

Key activities by SD requirement

SD Requirement	Program/initiative/policy	Purpose	Outcome
Education and tools to manage energy use	In 2025, we expanded our Clean PowerCity campaigns with a sharp focus on our business customers and the local economy. We emphasized our efforts to reduce carbon while maintaining low rates and reliability and providing personalized service to our business accounts. We encouraged efficiency through a TOD summer rate reminder campaign on billboards and savings tips with a series of summer emails. Throughout the year, we continued to share energy savings tips with customers in a wide variety of channels, from print and email newsletters to social media, billboards, digital ads speeches and events. In all, we implemented more than 20 campaigns in 2025 promoting energy and bill savings, customer programs and services, including EAPR, MED Rate, SMUD Energy Store, Budget Billing, Custom Due Date and others.	To provide customers with the education and tools for managing their energy use and their bills, while also working with SMUD to reduce carbon.	Successfully implemented campaigns that informed our customers of resources and tools available to them. Also successfully participated in 1,935 community events with employees volunteering more than 16,000 hours. Awareness of most programs were steady year-over-year. All the 1,935 events and partnerships included at least some cultural, ethnic and/or special populations, including LGBTQ+, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, Electric Vehicles, faith, homeowner associations, young adults (18-30) and youth (0-17). (Appendices A, B)
Integrated and consistent communication that recognizes unique customer segments	Implemented communications, including collateral and advertisements in 23 languages. We also leveraged 17 communication channels to ensure we reach our customers in the channel they prefer, at the time they need it and with information specifically targeted to them. We also participated	To have consistent, integrated messages available for various customer segments, including those based on ethnicity and other unique audiences along with those	For the first time, we topped 1 billion impressions, with more than 714 million ethnic customer impressions. By translating materials in up to 23 languages, for both marketing as well as events, we're reaching a diverse

	in 1,935 community events including Community Resource Expos and Lobby Days to reach our many unique customer segments.	customers who may not see our messages in mainstream communication channels.	range of customers with integrated, clear and consistent information about programs, services and initiatives that support our purpose to improve the quality of life for our customers.
Broad mix of communication channels	In 2025, we used 17 customer-facing communication channels, including community outreach events and partnerships, digital search and display, social media, broadcast and streaming television and radio, billboards, bus signs and train wraps, surveys, direct mail, email and customer bills. We supported 1,935 community events. By leveraging customer behavior data and artificial intelligence, along with using a broad mix of channels, we were able to highly target our digital marketing in particular, to reach customers in the communication channel they prefer. (See Appendix B)	To reach customers with our messages in the communication channels they prefer.	More than 1.2 billion customer impressions across multiple communication channels and support of 1,935 community outreach events and partnerships in 2025 (see Appendices A, B). On TV and radio alone, the average SMUD customer had the opportunity to see or hear a SMUD message 33 times in 2025. Our marketing in the Over-The-Top (OTT) and Connected TV (CTV) streaming television space has grown steadily, and in 2025 included all the major platforms including Amazon, Disney+/Hulu, Paramount and NBC Universal. This enables more precise geographic and other targeting than traditional broadcast and cable programming.

3) **Additional supporting information for SD-15, Outreach and Communication**

a) SMUD shall provide its customers the information, education, and tools they need to best manage their energy use according to their needs.

In 2025, we developed and implemented more than 20 marketing and communication campaigns, including:

- Battery Storage
- Budget Billing & Custom Due Date
- Clean Power Promise
- Clean Power My Business
- Complete Energy Solutions
- Energy Assistance Program Rate (EAPR)
- Economic Development
- Contact SMUD First (Drive Electric)
- EnergyHELP
- Greenergy
- HomePower
- Integrated Design Solutions
- Low rates
- Medical Equipment Discount (MED) Rate
- Multi-family
- Paperless Billing/My Account
- Powering Futures (Scholarships)
- Safety (Drive safe, Wildfire, Call 811, Work zone alert, Plan before planting)
- SMUD Energy Store
- SMUD Contractor Network
- Shade Trees
- Shine Awards
- Time-of-Day
- We Power Business

b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.

In 2025, our marketing and communications could be seen and heard in as many as 23 languages, including Braille, and in 17 customer-facing channels, including:

TV	Digital	Radio	Print	Direct Mail	Email
Community Events	Surveys, focus groups	News Media	smud.org	Billboards	Social Media
Door-to-door	Partnerships	Workshops	Buses & Lightrail	Retail	

c) SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.

With thousands of events and sponsorships, millions of emails and bill inserts, ads on tens of thousands of websites and apps and multiple social media channels, and our schedule of broadcast and streaming TV, radio and print advertisements, it's clear that we used a broad mix of channels to reach all our customers. This includes in-language media like broadcast and streaming TV and radio, print advertising, digital and social media and customer collateral in more than 20 languages.

These tactics delivered a record 1,275,478,129 customer impressions in 2025. Of these, 714,267,752 were ethnic impressions. This significant and unusual lift is in large part, thanks to our partnerships with 4 local sports organizations – Sacramento Kings, River Cats, Republic FC and Major League Baseball (MLB) A's. With the A's in town temporarily, our wall board at Sutter Health Park had national visibility through MLB coverage.

For TV and radio alone, the average SMUD customer had the opportunity to see or hear a SMUD commercial 33 times in 2025. Here's the summary by channel:

- 11,339,860 bill package inserts
- 16,309,060 emails
- 496 billboards, transit boards
- 35 print publications
- 1,453,202 direct mail pieces
- 29 radio stations
- 154,145 websites and apps
- 21 TV stations
- 4 sports partnerships

4) **Challenges**

We continue to see extensive need across our region – from nonprofits to community organizations. In 2025, the requests for sponsorships and event support again exceeded our capacity to support. We continued to balance our approach to outreach to ensure we had a mix of flagship events that deliver extensive community benefit, such as Giving Fridays at the State Fair to highly targeted outreach through fairs, festivals and small community meetings. At a localized community level, we continued to greatly expand partnership agreements with homeowners and neighborhood associations. These types of partnerships help to ensure we have an increased presence and regular touchpoints in neighborhoods across our service area.

We continue to see significant changes in the media landscape and are consistently adapting and evolving our approach to leverage new technology, tools and channels to communicate with our customers. The ability to highly target messaging in digital channels such as paid social media, search and display ads and streaming TV and radio platforms has greatly increased our ability to reach small groups of customers with programs that are relevant to them when it matters most, and in the channel that is most convenient for them.

Our broad mix of channels and tactics helps ensure SMUD messages reach our diverse customers in the communication channels they prefer, when it’s relevant to them. The proliferation of new channels and evolution of the media landscape provides both challenges and opportunities. Customer communication preferences continue to evolve in response to the increasingly fragmented market, which is why we ensure we deliver a balanced approach to communications and outreach, through a mix of broad and highly targeted campaigns and channels.

Not all programs and services are intended for all customers. This is why we use targeted marketing and digital channels that leverage machine learning and artificial intelligence (AI) to target our communications and outreach to customers most likely to qualify for and/or benefit from a particular program or service. Advances in AI continue to have a growing impact on the communications landscape. AI is helping improve targeting in digital platforms to further reach the right customers with the right message at the right time. AI is an important tool in our marketing and communications toolkit Staff monitors advances and new tools, using AI as part of ongoing work to maximize the reach and impact of our marketing, communications and outreach.

5) **Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-15 Outreach and Communication.

6) **Appendices**

APPENDIX A

Community Outreach and Engagement

In 2025, we continued to be very active in the community through our support of efforts that improve the quality of life in our region. SMUD participated in 1,935 events and partnerships, and SMUD employees volunteered 16,877 hours.

1,935
Total events & partnerships

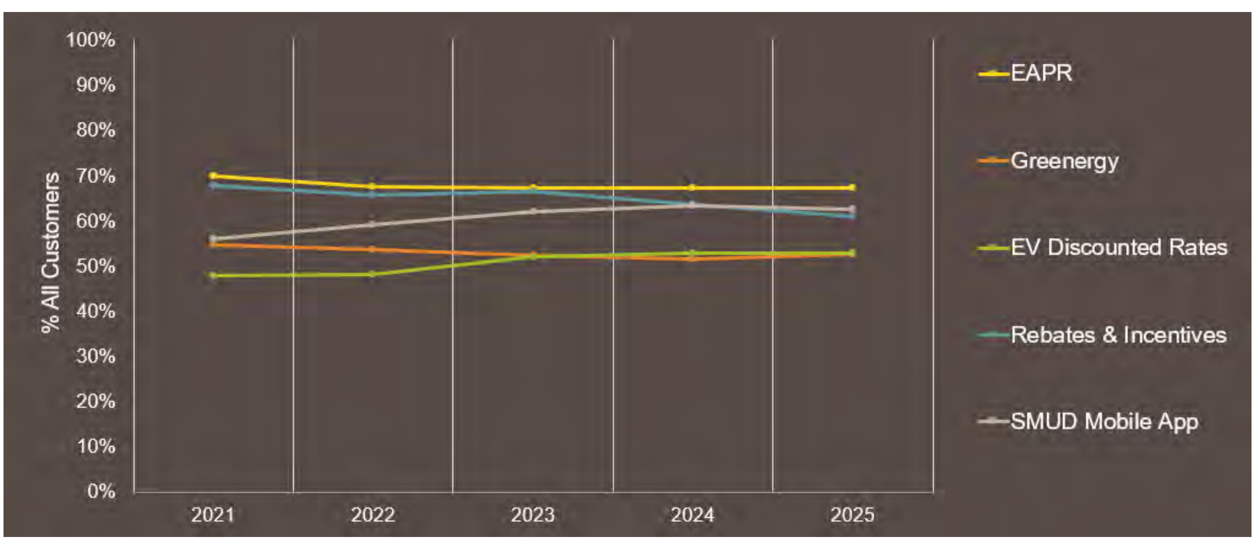
16,877
Total volunteer hours

APPENDIX B

Awareness of Programs by Ethnicity

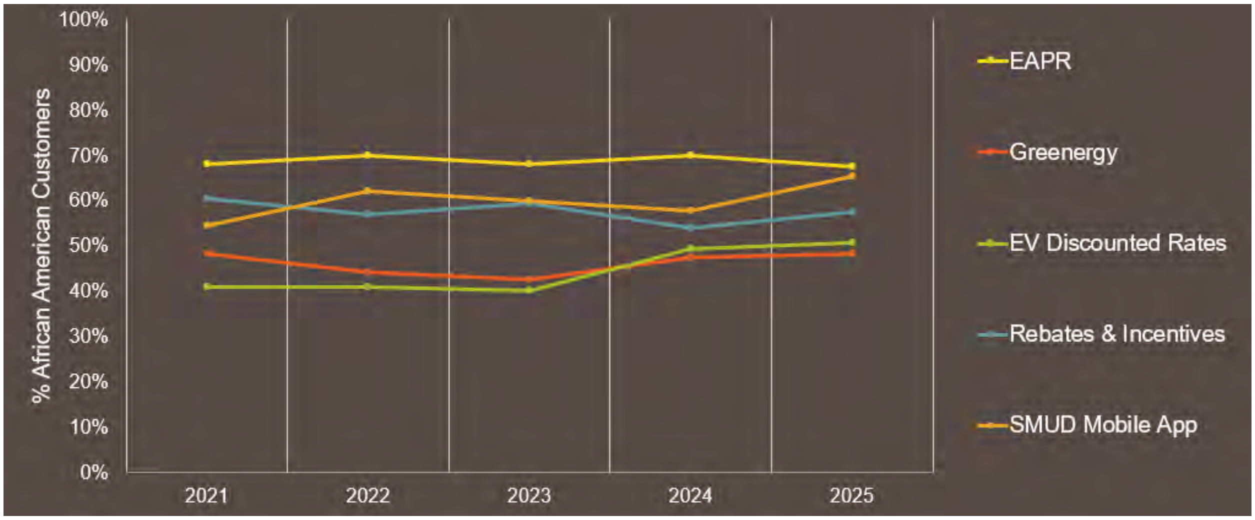
All Customers – Overall Awareness Trends

Notable increase in awareness of Greenergy compared to 2023 and 2024 with a softening for rebates and incentives. All other programs were relatively steady year over year.



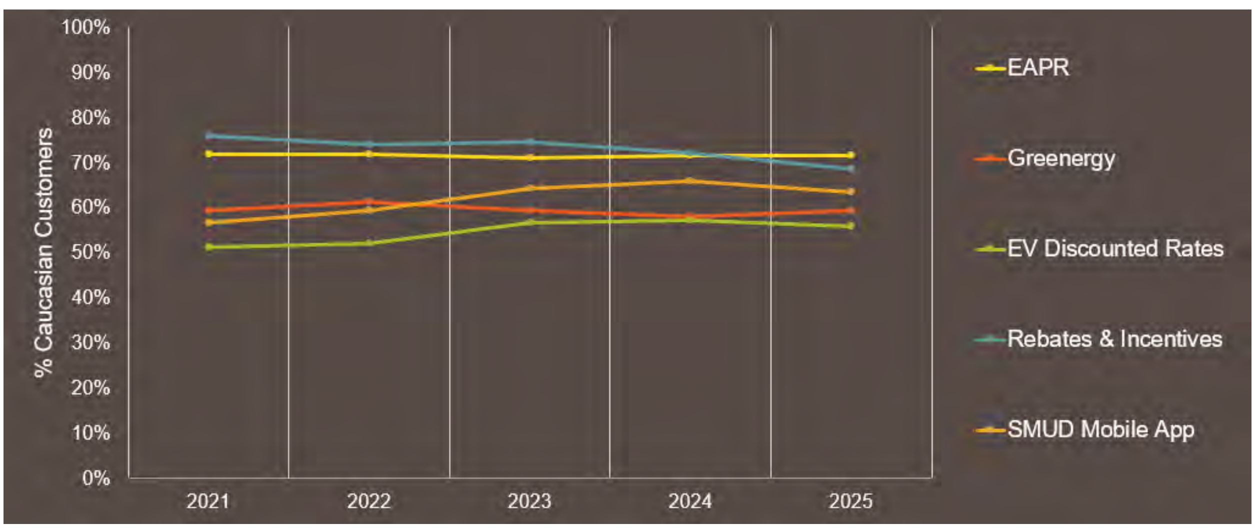
Black – Overall Awareness Trends

For Black customers, we saw nice upticks in the awareness of EV discount rate, rebates and incentives and the SMUD mobile app.



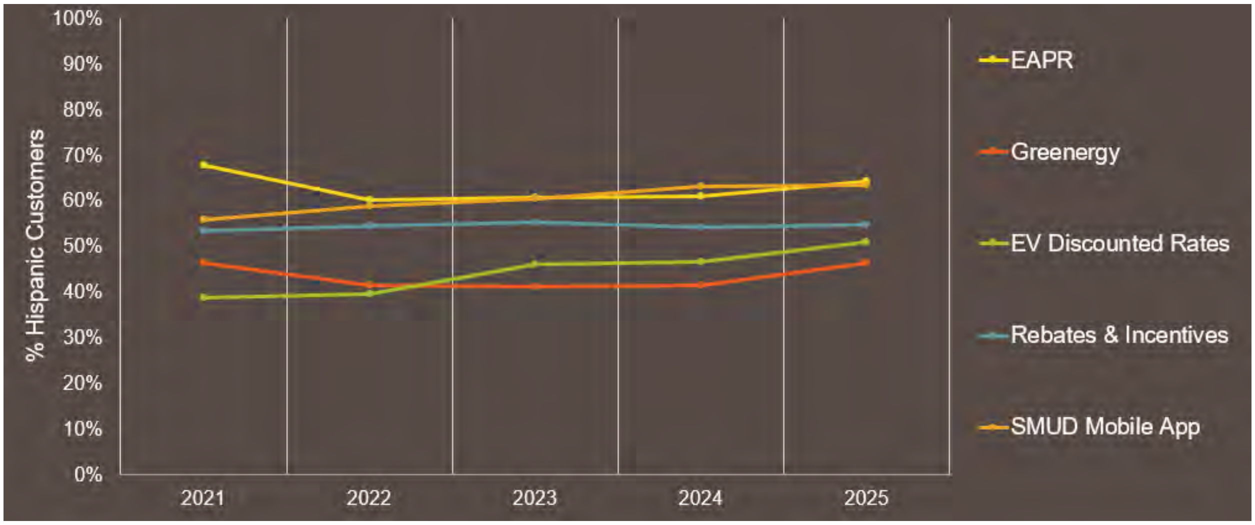
White – Overall Awareness Trends

Among our White customers, we saw the trends were consistent with SMUD overall. Most notable increase in awareness for Greenergy. Rebates and incentives and the SMUD mobile app softened.



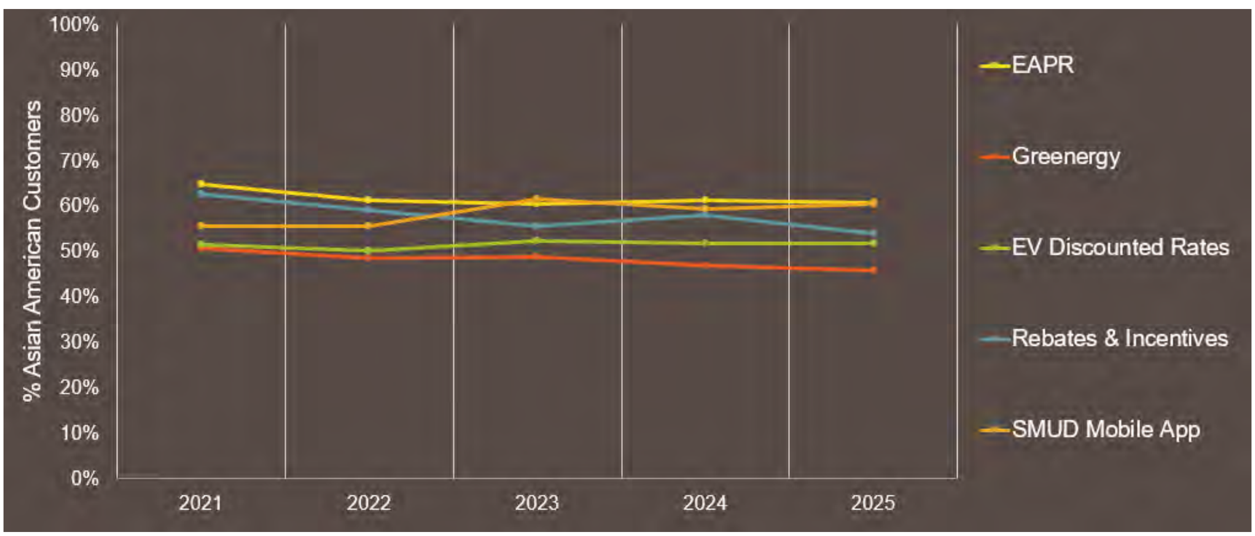
Hispanic – Overall Awareness Trends

Among Hispanic customers, we saw notable increases in awareness across most programs with little movement on the mobile app.



Asian American & Pacific Islander – Overall Awareness Trends

For Asian American and Pacific Islander customers, we saw awareness levels remain fairly stable year over year. Rebates & incentives softened slightly.



RESOLUTION NO. 26-08-09

WHEREAS, SMUD is a member of the **Transmission Agency of Northern California (TANC)**, a joint powers authority established in 1984 to manage the **California-Oregon Transmission Project (COTP)**, a 340-mile long, 500-kilovolt (kV) alternating current transmission line; and

WHEREAS, by Resolution No. 90-03-10, adopted on March 15,1990, this Board authorized the General Manager to execute the **TANC Project Agreement No. 3 (PA3)** for the **COTP**; and

WHEREAS, **TANC** currently manages the **COTP** and other transmission assets for its members; and

WHEREAS, the **TANC PA3** describes **TANC** members' rights and obligations associated with the **COTP**; and

WHEREAS, **Amendment No. 1** to the **TANC PA3** makes multiple updates, including streamlining changes to Member Participation Percentages in certain cases, updating North to South Participating Percentages and megawatts (MW) in Appendix C, adding South to North Participating Percentages and MW in Appendix C-1, adding a Table of Return of Layoff Percentages as Appendix C-2, and various other minor and non-substantive changes; **NOW, THEREFORE**,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. That the Chief Executive Officer and General Manager, or her designee, is authorized to negotiate and execute **Amendment No. 1** to **Transmission Agency Northern California Project Agreement No. 3** dated March 15, 1990, substantially in the form of **Attachment F**.

Section 2. That the Chief Executive Officer and General Manager, or her designee, is authorized to make future changes to the terms and conditions of the Agreement that, in her prudent judgment: (a) furthers the primary purpose of the Agreement; and (b) are intended to provide a net benefit to SMUD.

Approved: August 20, 2026

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

Attachment F
to Resolution No. 26-08-09

AMENDMENT NO. 1

PROJECT AGREEMENT

NO. 3 BETWEEN AND

AMONG

THE TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

AND ITS MEMBERS

This Amendment No. 1 to Project Agreement No. 3 (“Agreement”) by and among the Transmission Agency of Northern California, hereinafter referred to as "TANC," and its Members the Cities of Alameda, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Sacramento Municipal Utility District; the Modesto Irrigation District; the Turlock Irrigation District; and the Plumas- Sierra Rural Electric Cooperative, hereinafter referred to as “Members,” is hereby made and entered into as of _________, 2026 (“Amendment Effective Date”), based upon the following:

RECITALS

WHEREAS, TANC and its Members desire to modify certain provisions of the Agreement as provided herein;

WHEREAS, TANC and its Members seek to clarify that changes to Transfer Capability may be made without formally amending the Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, TANC and its Members agree as follows:

AMENDMENTS

1. The Table of Contents is revised to delete “Participation Percentages” and replace it with Participation Percentages (N-S)” as Appendix C.
2. The Table of Contents is revised to add as Appendix C-1 “Participation Percentages (S-N)”, following Appendix C: Participation Percentages (N-S).
3. The Table of Contents is revised to add as Appendix C-2 “Return of Layoff Percentages”, following Appendix C-1: Participation Percentages (S-N).
4. The definition of “Betterment” in Section 1.4 of the Agreement is revised by deleting the phrase “or sixteen hundred (1600) megawatts, whichever is less”.
5. The definition of “Executive Committee” in Section 1.8 of the Agreement is deleted in its entirety and replaced with “[Intentionally omitted]”.
6. The definition of “Fiscal Year” in Section 1.9 of the Agreement is revised by deleting “September” and replacing it with “June”.
7. Section 1.22 of the Agreement is revised to add “and Appendix C-1” after “Appendix C”.

8. Section 1.30 of the Agreement is revised by deleting "Section 15060" and replacing it with "Part 101, Definition 34".

9. Section 2.3.1 of the Agreement is revised to add "and Appendix C-1" after "Appendix C".

10. Section 2.3.2 of the Agreement is deleted in its entirety and replaced with the following: "In the event that TANC's entitlement to Transfer Capability changes, the Members' Participation Percentages will be unchanged except as provided in this Agreement. Changes to Members' Participation Percentages shall be permitted without an amendment to this Agreement as follows:

    2.3.2.1 All revisions of Participation Percentages pursuant to this Section 2.3.2 shall require an affirmative vote of the Commission using the voting procedures provided in the Joint Powers Agreement.

    2.3.2.2 Members shall be permitted to revise their Participation Percentages if one or more Members agree to accept an offsetting change in Participation Percentage. All Members whose Participation Percentage change must consent to the change in writing.

    2.3.2.3 Members shall be permitted to acquire Transfer Capability from outside of TANC and transfer that capability to TANC, without amendment to this Agreement subject to an affirmative vote of the Commission using the voting procedures provided in the Joint Powers Agreement and written consent of the Members acquiring the Transfer Capability. Participation Percentages of all Members shall be changed so that the Member acquiring the Transfer Capability retains its existing Transfer Capability and obtains the additional Transfer Capability it has acquired, and is subject to, all the rights and obligations associated with the transfer.

    2.3.2.4 Participation Percentage revisions shall (a) be recorded with an administrative amendment to Appendix C and Appendix C-1; and (b) result in the aggregate Participation Percentages of the Members of one hundred (100) percent."

11. Section 2.3.3 of the Agreement is revised by deleting "Column D" and replacing it with "or Appendix C-1".

12. Section 3.1 of the Agreement is revised by deleting "its Executive Committee or".

13. Section 4.1.1 of the Agreement is revised by deleting "the California Department of Water Resources,".

14. Section 5.3 of the Agreement is revised by adding an internal cross-reference to "Section 2.3.2 and" before "Section 8.3".

15. Section 7.4 of the Agreement is revised by deleting ", Column E" and replacing it with "and Appendix C-1".

16. Section 12.1 of the Agreement is revised by deleting "telephone or in writing within twenty-four (24 hour}" and replacing it with "telephone, in writing, or by electronic media within twenty-four (24) hours" both times this language is used.

17. Section 16.1 of the Agreement is revised by adding an internal cross-reference to Section "2.3.2," after "Sections".

18. Section 19 of the Agreement is revised to add "C-1, C-2," between "Appendices A, B, C," and "D, and E attached.."

19. Appendix C of the Agreement is deleted and replaced with the following table of the Current North to South Participation Percentages:

NEW (ENTITLEMENT AND SCHEDULING)

TANC Member	**Member Percentage**	**Member MW Entitlement (North to South)**	**MW Scheduling Rights (North to South)**	**MW Scheduling Rights % (North to South)**
SMUD	37.8074%	569.2140	558	37.7793%
MID	23.0546%	347.1014	341	23.0873%
TID	17.1458%	258.1407	253	17.1293%
Santa Clara	9.8108%	147.7077	145	9.8172%
Redding	10.0398%	151.1555	148	10.0203%
Roseville	2.1416%	32.2431	32	2.1666%
Alameda	0.0000%	-	-	0.0000%
Healdsburg	0.0000%	-	-	0.0000%
Lodi	0.0000%	-	-	0.0000%
Lompoc	0.0000%	-	-	0.0000%
Palo Alto	0.0000%	-	-	0.0000%
Plumas	0.0000%	-	-	0.0000%
Ukiah	0.0000%	-	-	0.0000%
Total	**100.0000%**	**1,505.5625**	**1,477**	**100.0000%**
Scheduling Rights include the 29MW layoff to WAPA				
COTP Participants	**Participant Percentage**	**Participant MW Entitlement (North to South)**	**MW Scheduling Rights (North to South)**	**MW Scheduling Rights % (North to South)**
TANC	88.5625%	1,505.5625	1,477	86.8824%
Western	9.3750%	159.3750	188	11.0588%
PG&E	2.0625%	35.0625	35	2.0588%
Total	**100.0000%**	**1,700.0000**	**1,700**	**100.0000%**

20. Appendix C-1 is added to the Agreement to include the following table of the Current South to North Participation Percentages:

TANC Member	**Member Percentage**	**Member MW Entitlement (South to North)**	**MW Scheduling Rights (South to North)**
SMUD	37.8074%	410.17	402.00
MID	23.0546%	250.12	245.00
TID	17.1458%	186.01	182.00
Santa Clara	9.8108%	106.44	105.00
Redding	10.0398%	108.92	107.00
Roseville	2.1416%	23.23	23.00
Alameda	0.0000%	-	-
Healdsburg	0.0000%	-	-
Lodi	0.0000%	-	-
Lompoc	0.0000%	-	-
Palo Alto	0.0000%	-	-
Plumas	0.0000%	-	-
Ukiah	0.0000%	-	-
Total	**100.0000%**	**1,084.8906**	**1,064**
COTP Participants	**Participant Percentage**	**Participant MW Entitlement (South to North)**	**MW Scheduling Rights (South to North)**
TANC	88.5625%	1,084.8906	1,064
Western	9.3750%	114.8438	136
PG&E	2.0625%	25.2656	25
	100.0000%	1,225.0000	1,225

21. Appendix C-2 is added to the Agreement to include the following table to document the Return of Layoff Percentages:

	A	B	C	C	D			E		E
TANC Member	PA-3 Member Percentage Pre Layoff	PA-3 Member Percentage Current	NCPA Layoff Percentages	SVP Layoff Percentages	Palo Alto Layoff Percentages	PA-3 Member Percentage Conclusion of Layoff	Member MW Entitlement (North to South)	MW Scheduling Rights (North to South)	Member MW Entitlement (South to North)	MW Scheduling Rights (South to North)
SMUD	27.5631%	37.8074%	2.5492%	6.8058%	1.6339%	26.8185%	403.7692	393	290.9513	282
MID	21.2960%	23.0546%	0.4902%	1.3088%	0.4137%	20.8419%	313.7872	307	226.1114	221
TID	12.5393%	17.1458%	0.8824%	2.3559%	1.6339%	12.2736%	184.7872	179	133.1554	129
Santa Clara	20.4745%	9.8108%	0.0000%	-10.4705%	0.0000%	20.2813%	305.3479	303	220.0301	219
Redding	8.4119%	10.0398%	0.0000%	0.0000%	0.0000%	10.0398%	151.1555	148	108.9208	107
Roseville	2.1119%	2.1416%	0.0000%	0.0000%	0.0000%	2.1416%	32.2431	32	23.2340	23
Alameda	1.2272%	0.0000%	-1.2272%	0.0000%	0.0000%	1.2272%	18.4763	19	13.3138	13
Healdsburg	0.2456%	0.0000%	-0.2456%	0.0000%	0.0000%	0.2456%	3.6977	4	2.6645	3
Lodi	1.9201%	0.0000%	-1.9201%	0.0000%	0.0000%	1.9201%	28.9083	29	20.8310	21
Lompoc	0.1865%	0.0000%	-0.1865%	0.0000%	0.0000%	0.1865%	2.8079	3	2.0233	2
Palo Alto	3.6815%	0.0000%	0.0000%	0.0000%	-3.6815%	3.6815%	55.4273	55	39.9402	40
Plumas	0.1479%	0.0000%	-0.1479%	0.0000%	0.0000%	0.1479%	2.2267	2	1.6046	2
Ukiah	0.1945%	0.0000%	-0.1945%	0.0000%	0.0000%	0.1945%	2.9283	3	2.1101	2
Total	100.0000%	100.0000%	0.0000%	0.0000%	0.0000%	100.0000%	1,505.5825	1477	1,084.8906	1064

A) Member Percentages before lay-off, purchase of water districts shares, and City of Redding moving shares of COTP outside of TANC into TANC.
B) Member Percentages after lay-off, purchase of water districts shares, and City of Redding moving shares of COTP outside of TANC into TANC.
C) 2014 lay-off agreement TANC resolution 14-03
D) 2009 lay-off agreement TANC Resolution 09-01
E) Includes the TANC/WAPA layoff agreement
E) Includes the TANC/WAPA layoff agreement

22. Appendix E (Billing Addresses of the Parties) of the Agreement is updated to include the billing address of the Cities of Alameda, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Sacramento Municipal Utility District; the Modesto Irrigation District; and the Turlock Irrigation District.

Except as set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect. In case of a conflict in the terms of the Agreement and this Amendment No. 1, the provisions of this Amendment No. 1 shall control.

This Amendment will become effective when TANC and its Members have each signed below and shall be effective as of the Amendment Effective Date specified above. TANC and its Members intend that this Amendment shall not bind any Party unless it is executed by all Parties.

CITY OF ALAMEDA

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

CITY OF HEALDSBURG

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

CITY OF LODI

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

CITY OF LOMPOC

By: ______________________________

Name: ______________________________

Title:______________________________

Date: ______________________________

MODESTO IRRIGATION DISTRICT

By: ______________________________

Name: ______________________________

Title:______________________________

Date: ______________________________

CITY OF PALO ALTO

By: ______________________________

Name: ______________________________

Title:______________________________

Date: ______________________________

CITY OF REDDING

By: ______________________________

Name: ______________________________

Title:______________________________

Date: ______________________________

CITY OF ROSEVILLE

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

CITY OF SANTA CLARA

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

TURLOCK IRRIGATION DISTRICT

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

CITY OF UKIAH

By: ____

Name: ____

Title:____

Date: ____

PLUMAS-SIERRA RURAL ELECTRIC
COOPERATIVE

By: ____

Name: ____

Title:____

Date: ____

TRANSMISSION AGENCY OF NORTHERN
CALIFORNIA

By: ____

Name: ____

Title:____

Date: ____

President Tamayo then turned to Discussion Calendar Item 8, to authorize the Chief Executive Officer and General Manager to negotiate and award contracts to Sierra National Construction, Inc. and Doug Veerkamp General Engineering, Inc. (collectively, the Contracts) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not-to-exceed amount of $250 million across the Contracts.

Eric Poff, Director of Substation Telecommunications & Metering Assets, gave a presentation regarding Discussion Calendar Item 8. A copy of the slides used in his presentation is attached hereto.

The Board discussed concerns regarding awarding such a large contract to solely two Contractors, potential impacts if the contract was delayed or not awarded, potential options such as extending the current contracts and adding funds which would require Board approval, the lack of consideration of a Community Workforce Agreement (CWA) or Project Labor Agreement (PLA) in the procurement strategy, and the methodology for the cost-based proposal for unknown projects.

Ms. Lewis stated that CWAs have historically been at the Board's direction and for single, large projects and not for multiple projects under a blanket agreement. She stated that if the Board directed, staff would certainly bring the item to a future meeting.

Mr. Poff stated that the cost proposals were based on a previously executed job and included line-by-line analysis rather than aggregate analysis.

Kip Skidmore with Sierra National Construction, Inc. stated he was happy to answer any questions the Board might have concerning the bidding process and regarding Sierra National in particular. He stated Sierra National had been doing public works projects in the Sacramento area for over 40 years and noted SMUD's process was by far the most sophisticated in terms of bidding and incorporating Supplier Education & Economic Development (SEED) small business into the project. He noted that the contract would likely entail 200-300 projects. He noted the average project would likely be under $1 million.

After some additional discussion, Director Sanborn moved to postpone Discussion Calendar Item 8 to September, Director Herber seconded, and Resolution No. 26-08-10 was unanimously approved.

RESOLUTION NO. 26-08-10

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

That this Board postpones to September 2026 consideration and potential action to authorize the Chief Executive Officer and General Manager, or her designee, on behalf of SMUD, to negotiate and award contracts for Civil Annual Construction Services.

Approved: August 20, 2026

INTRODUCED: DIRECTOR SANBORN				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
TAMAYO	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
SANBORN	X			

President Tamayo then called for public comment for items not on the agenda.

LaCharles James, President of the Herald Fire Prevention Council, read from a prepared statement, a copy of which is attached.

Ms. Anguay directed staff to obtain more information from Mr. James regarding his proposal.

Scott Slotterbeck stated that he is not able to attend all meetings but wanted to address a comment made about elections and stated elections are not a frivolous process. He then noted that although he did not fill out a comment card for the item, he was supportive of the canopy and solar facility item on the agenda. He stated that his public comment was with regard to how long it took him to find information regarding incentives for building projects, especially residential. He requested that to make it easier for people to find and see incentives.

President Tamayo thanked for Mr. Slotterbeck for calling attention to his poor choice of words in describing an election as frivolous and noted he was glad to have the option to save ratepayers the expense of having a ballot with only one candidate listed for the position. He thanked Mr. Slotterbeck for his comment.

John Weber stated he had submitted detailed written comments about another issue, but he wanted to give a shout out to SMUD employee Jack Haglund in Distributed Energy Solutions for keeping him informed with what SMUD is doing. A copy of Mr. Weber's written comment is attached to these minutes.

Public comment, a copy of which is attached, was received from the following member of the public:

- Joseph Tilghman

President Tamayo then turned to Directors' Reports.

Director Rose reported on his attendance at the Citrus Heights Chamber of Commerce luncheon where he had an opportunity to make introductory comments, the *Sacramento Business Journal* Corporate Citizenship Awards, and SMUD Giving Fridays at the California State Fair.

Director Bui-Thompson reported on her attendance at a national summit for Asian American Pacific Islander elected officials and her visit, along with President Tamayo, to the site of the potential Twin Cities Project for solar and storage.

Director Fishman congratulated SMUD Director of Audit Services, Claire Rogers, on her upcoming retirement. He then reported on his participation in SMUD Giving Fridays at the California State Fair, his attendance at the Black Cowboys Parade, the 15th Annual Sacramento Banana Festival hosted by the Sojourner Truth African Heritage Museum, the National Night Out in Vineyard, Vintage Park and Wild Hawk, and the ribbon cutting for an eMobility hub at Hiram Johnson High School. He concluded by reporting on his speaking engagement, along with President Tamayo, at the Iranian American Cultural and Educational Center Civic & Business Leadership Gala.

Director Herber thanked Rhonda Staley-Brooks for coordinating the annual SMUD Employee Remembrance event. She then reported on her speaking engagement for the Rainbow Chamber of Commerce luncheon, her attendance at an event hosted by A Seat at the Table to unveil a sensory inclusive space, her attendance at the American Leadership Forum (ALF) Welcome Reception where CEO Anguay was honored, her participation in a meeting, along with President Tamayo and Vice President Kerth, with the Shingle Springs Band of Miwok Indians to share with them a proposed Land Acknowledgement Statement. She concluded by thanking Chief Diversity Officer Jose Bodipo-Memba and Government Affairs Representative Leroy Tripette for meeting with her intern, Kennedy High School Class President Tiffany Elliott, to provide an overview of SMUD and local government.

Director Sanborn reported on her attendance at the North State Building Industry Association's Chairman's Circle Lunch and her meeting with a local group called the Lunch Bunch in North Highlands. She concluded by reporting on her attendance at the retirement celebration at Sacramento State for former CEO Paul Lau.

Vice President Kerth reported on his visit to a cooling center coordinated by the Sacramento Environmental Justice Coalition, his attendance at the New Home Missionary Baptist Community Church Celebration, his visit to the Greenhouse Culinary Arts Intern Program, his attendance at a cooking demonstration at the California State Fair by Watts Cooking winners Bella Vista High School, and his meeting with the Shingle Springs Band of Miwok Indians along with President Tamayo, Director Herber, and key staff Chief Operating Office Frankie McDermott and Director of Safety, Environmental & Real Estate Services Emily Bacchini. He concluded by reporting on his attendance at the 80th birthday celebration for former SMUD Director Larry Carr.

President Tamayo reported on his vacation to Vancouver, British Columbia, and stated it was notable that because of BC Hydro, a public agency providing inexpensive electricity, there were a lot of electric vehicles. He then reported on his attendance at the Filipino American Chamber Mixer and the Rainbow Chamber of Commerce luncheon, his participation in a small business development workshop at Florin Square Development Center, and his attendance at the Apple Hill Growers Association Annual Dinner. He then reported on his meeting with the Shingle Springs Band of Miwok Indians, his speaking engagement with the Indian Association of Sacramento, his attendance at the Iranian American Cultural and Education Center Celebration, his visit to the Meet the Buyers event at the SMUD Customer Service Center, his attendance at a community resource event held at the Salvation Army in Oak Park, and his attendance at the retirement celebration for Claire Rogers. He concluded by reporting on his first one-on-one meeting with CEO Anguay and noted she had settled in nicely and did not seem too stressed out.

Lora Anguay, Chief Executive Officer and General Manager, congratulated Claire Rogers on her retirement and thanked her for her years of service. She then reported on the following items:

1) **First Report.** I am excited to be delivering my first CEO Report. I want to thank the Board for your support over the last few weeks. I think this is day 14 for me. I am incredibly excited about the journey ahead with all of you. It is an honor to have the Board's trust. As you know, we are stewards of a vital community asset, and I am very excited to be on this journey to power our region for a more prosperous, resilient and sustainable future.

2) **New Outage Management System (OMS).** I am proud to share that we accomplished a major milestone this month. On August 11th, we successfully cut over to our new Outage Management System (OMS). The OMS is the software Distribution System Operators (DSOs) and field crews use to gather information, manage, and restore power outages. Our previous OMS was nearing the end of its life. By replacing it with Emerson's (formerly Open Systems International) OMS, we are improving the resiliency of a core operational system and equipping our teams with enhanced outage information and situational awareness. This project was a big undertaking — from planning, design and implementation to cutover — and required close collaboration across many teams at SMUD for three years. During go-live we had teams providing 24x7 on-site support to the operators to ensure a smooth transition. Great job to the team involved in making this happen and a shout out to Katarina Miletijev and her team in Distribution Operations and Engineering and Mike Witter in terms of the operations technology support group.

3) **SMUD's Giving Fridays.** I have more great news to share! SMUD's Giving Fridays at the California State Fair was a huge success. As always, we were out at the Fair connecting with our customers and community, educating fairgoers about our

Clean Energy rebates and programs. This year, we collected more than 36,000 pounds of food for the Sacramento Food Bank and Family Services at our Giving Friday events! That is the most ever, and 500 pounds more than last year. These donations will provide almost 30,000 meals for families facing food insecurity in our community. The numbers are impressive! Our team distributed over 12,000 orange drawstring bags and 3,000 LED night lights while connecting our customers with programs and rebates to help them save. Those are important connections that have a lasting impact. We also hosted an induction cooking demo and celebrated the next generation of sustainable chefs – the Bella Vista High School team that won our recent Watts Cooking induction cooking competition. Thanks to all who came out to support SMUD at the Fair, and thanks to all the volunteers, including our Board members and executives, for giving your time to connect with thousands of community members. Congrats to all for putting on such a successful community presence again this year!

4) **Intern Showcase.** This month, we celebrated the dedication and growth of our most recent intern class at the Intern Showcase. This diverse group included summer high school, college and year-round interns. We brought them together to highlight their impressive work and share insights about their experience at SMUD. Over the years, our award-winning internship program has expanded significantly. And, this year, we had more than ever. In fact, we had so many interns at this year's Showcase, they filled all the rooms and the open spaces on the first floor of this building. Currently, we have more than 70 year-round interns across all our business units. During the summer, that number increases to over 120 interns. It was great to hear about the real-world challenges we have our

interns working on. From complex data analytics projects to engaging with our community at events to supporting our customers' digital experiences, our interns are doing meaningful work that will set them up for future success. We are grateful for the work of all our interns in helping us build a clean energy future.

5) **Board Video.** Tonight's video, featuring our Chief Customer Officer Brandy Bolden and members of her team who are here, is about our commitment to serving our customers – both residential and business – and how our customer programs help lower customers' bills, increase energy efficiency and improve the region's air quality. Ultimately, being community-owned and not-for-profit means we are always striving to deliver best-in-class services and personalized solutions that can help improve the quality of life for our customers and community.

President Tamayo requested the Summary of Board Direction.

Ms. Lewis provided the following items:

- Staff will check on Sierra National's performance record.
- Staff will provide additional information to the Board about the solicitation process and criteria.
- Staff will add Community Workforce Agreements (CWA) to the Board parking lot for Board discussion.

No further business appearing, President Tamayo adjourned the meeting at 7:47 p.m.

Approved:

President	Secretary

Exhibit to Agenda Item #8

Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to **Sierra National Construction Inc.** and **Doug Veerkamp General Engineering Inc.** (collectively, the **Contracts**) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not to exceed amount of $250 million across the **Contracts**.

Board of Directors Meeting

Thursday, August 20, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Business Need

- Distribution and bulk substation civil construction and modifications
- General civil maintenance and new construction
- Construct new reinforced concrete foundations
- Install conduit duct banks
- Perform structural repairs
- Install or modify:
  - Electrical grounding systems
  - Fencing
  - Manhole access grates
- Grading and paving

SMUD®

Procurement Strategy

- Procurement implemented strategic changes to the Civil Annual Construction solicitation to address identified problems and reduce costs across labor, materials, and equipment categories:

Issue		Change
Contract Baseline Rapidly increasing category spend informed need for longer-term planning	⇨	• Established 5-year (3-year base period, 2 optional 1-year extensions) and $250M contract from previous 3-year, $100M contract. • RFP scale help to expand competitive pool, attracting new bidders with market-driven rates.
Craft Labor High blanket markups provided limited insight into drivers behind contractor costs	⇨	• Applied markup to base rather than prevailing wage, requiring detailed breakdowns for improved transparency. • Added superintendent position to improve visibility into “supervisory” overhead.
Equipment, Materials Rising markups on M&E did not provide adequate transparency into line-item costs	⇨	• Broke out highly utilized line items (e.g., Hydro Vac Truck, Large Size Excavator) from miscellaneous category to improve transparency and reduce markup costs.
Escalation Prior escalation mechanism led to annual increase requests	⇨	• Implemented index-based escalation formulas to mitigate above market and inconsistent annual escalations to equipment, materials, and labor.

SMUD

Procurement Strategy

- Proposals were solicited by an RFP to allow SMUD to award contracts on a best value basis.

- Criteria evaluated (commercial & technical):
  - Mandatory Pass/Fail Requirements
  - SEED
  - Company Experience and Qualifications
  - Personnel Experience and Qualifications
  - Safety
  - Environmental Sustainability
  - Commercial Terms (Price) and Compliance with SMUD's contractual terms

- SMUD staff conducted market outreach and engaged with contractors to notify them of the solicitation and confirm interest. 73 contractors were notified of the opportunity via SMUD's solicitation platform, Planet Bids. 20 contractors attended the Pre-Proposal Conference. 11 Proposals were received.

Procurement Award Outcome

Responsive Proposals Received	P/F	SEED Points 10	Technical Points 50	Price Points 40	Total Score 100	Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
Sierra National Construction, Inc.	P	10	44.25	37.54	91.79	1	$262,987,910	$250,000	$262,737,910	Not-to-Exceed $250 million Aggregate Amount of all Task Authorizations
Doug Veerkamp General Engineering, Inc.	P	10	41.88	38.00	89.88	2	$244,543,744	$250,000	$244,293,744	
Arrow Construction	P	10	45.00	34.24	89.24	3	$287,706,855	$250,000	$287,456,855	
Mountain G Enterprises, Inc.	P	10	41.88	35.16	87.03	4	$279,152,820	$250,000	$278,902,820	
Syblon Reid Contractors	P	10	40.38	35.50	85.88	5	$271,666,010	$250,000	$271,416,010	
Shimmick Construction Company, Inc.	P	10	37.00	32.15	79.15	6	$288,626,584	$250,000	$288,376,584	
Outback Contractors, Inc.	P	0.59	40.88	35.99	77.45	7	$255,423,639	$250,000	$255,274,216	
Lund Construction Co.	P	2.90	38.75	33.49	75.13	8	$271,794,143	$250,000	$271,544,143	
SR Diversified, LLC	P	-	30.00	38.68	68.68	9	$253,849,652		$253,849,652	
Underground Electric Construction Company, LLC	P	-	28.88	33.14	62.02	10	$257,996,241		$257,996,241	

Non-responsive Proposals Received	Comments
Wampler Solutions, LLC	Incomplete proposal.

Recommendation

Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to Sierra National Construction Inc. and Doug Veerkamp General Engineering Inc. (collectively, the Contracts) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not to exceed amount of $250 million across the Contracts.

Public Comment & Written Statement for the Official Record

Submitted to: Sacramento Municipal Utility District (SMUD) Board of Directors
Presenter: LaCharles James, President, Herald Fire Prevention Council
Contact: LCJames@heraldfirecouncil.org
Subject: Mitigating Groundwater and Bio-Waste Risks Through Regional Pyrolysis & Clean Resilience Partnerships

Part I: Oral Public Comment (3-Minute Spoken Delivery)

Good evening, Members of the Board and SMUD leadership.
My name is LaCharles James, President of the Herald Fire Prevention Council (LCJames@heraldfirecouncil.org). I am here tonight on behalf of our rural community to raise a critical groundwater concern that has been quietly compounding beneath our feet for years.
Across South Sacramento County, accumulated eucalyptus debris, unregulated stormwater runoff, and land-applied treated bio-waste containing microplastics and persistent solids are steadily percolating into our shared aquifer. This is not a distant, hypothetical hazard—it is an active, long-term contamination pathway that threatens the water security and health of our region right now.
At its core, this is a bio-waste and fuel management crisis—and SMUD is uniquely positioned to help lead the solution.
Pyrolysis is a proven, scalable, thermal conversion technology. Unlike traditional disposal methods, advanced pyrolysis eliminates organic waste, permanently destroys embedded plastics, significantly reduces hazardous wildfire fuel loads, and produces high-value byproducts: firm, dispatchable clean energy and carbon-sequestering, soil-restoring biochar. The regional feedstock is virtually unlimited.
We have a convergence of resources waiting for collaborative leadership:

- **SMUD's Land & Infrastructure Assets:** Strategic regional land and grid interconnection capacity.
- **State Grant Funding:** Robust financing opportunities through the California Energy Commission (CEC) for clean-tech innovation.
- **Wildfire Resilience Mandates:** CAL FIRE's high-priority statewide mission to accelerate biomass utilization and fuel-load reduction.

The only real barrier today is outdated policy and siloed thinking, while contamination and wildfire risks continue unabated year after year.
I am asking SMUD tonight to initiate a formal conversation and partner with local fire councils and regional stakeholders to explore a commercial-scale pyrolysis solution. Acting now protects our groundwater aquifer, satisfies state environmental mandates, and turns what is currently a hazardous liability into a resilient clean energy asset for our entire community.
Thank you for your leadership, and I respectfully submit this extended briefing for the official record.

Part II: Extended Briefing for the Official Record

1. Environmental and Groundwater Vulnerability Analysis

Rural agricultural communities rely almost entirely on unconfined groundwater systems for residential drinking water, agriculture, and livestock. Heavy accumulation of volatile woody biomass (such as eucalyptus litter) combined with land application of treated municipal sludge and bio-waste introduces persistent contaminants. Surface stormwater leaching accelerates the downward migration of soluble compounds, non-biodegradable synthetic additives, and plastic particulates into the water table.

2. Pyrolysis vs. Status Quo Waste Management

Evaluation Dimension	Current Baseline (Landspreading / Open Storage)	Thermal Pyrolysis Solution
Groundwater Protection	High risk of leachate percolation and aquifer contamination.	Zero percolation risk; fully enclosed thermal decomposition.
Plastics & Synthetics	Persistent accumulation in regional topsoil and surface runoff.	Molecular breakdown and total thermal destruction.
Wildfire Fuel Loading	Untreated hazardous fuel loads increase community fire risk.	Directly diverts flammable woody biomass into feedstock.
Energy & Carbon Byproducts	Methane and volatile emissions during natural decomposition.	Generates clean syngas/power and stable biochar for soil enhancement.

3. Recommended Next Steps for SMUD

1. **Inter-Agency Working Group:** Form an exploratory committee with the California Energy Commission, CAL FIRE, and local Fire Prevention Councils.
2. **Feasibility Assessment:** Evaluate regional siting options for modular pyrolysis units adjacent to key biomass corridors.
3. **Policy Alignment:** Update procurement and regional partnership frameworks to recognize advanced thermal conversion as both a wildfire mitigation and groundwater conservation mechanism.

Outlook

[EXTERNAL] Follow-up requested at board table: Partnership opportunity for regional biomass infrastructure

From LaCharles James <heraldnofires@gmail.com>
Date Thu 9/3/2026 6:18 AM
To Public Comment <PublicComment@smud.org>
Cc Nicole Looney <Nicole.Looney@smud.org>

Dear Board Secretary,

During the recent SMUD board meeting, leadership publicly instructed a staff member at the table to follow up regarding the regional biochar and pyrolysis briefing I submitted. Because I have not yet heard from the designated staff member, I am writing to ensure that tracking is active and to formally enter our core framework into the record.

While SMUD has not yet formally committed to building a pyrolysis plant in our region, any future decision to move forward presents a tremendous opportunity for SMUD to act as a vital regional hero. We see the production of biochar as a potentially key component to protect **the food security of our communities and the financial viability of our farmers** against the severe input cost and fertilizer squeeze.

Should SMUD choose to build and lead this vital infrastructure, we hope to see the project's economic structure explicitly designed to achieve these shared goals:

- **Guaranteed Local Pricing:** A binding commitment that local biomass-derived soil amendments will be delivered to regional agricultural producers at a heavily subsidized input cost of **$0 to $40 per ton** to secure long-term agricultural viability.
- **Equitable Credit Distribution:** Clear alignment ensuring that carbon and energy credits generated from local resources directly support local food security and drive down input costs.

Please ensure these criteria are routed to the appropriate staff member for a formal response as part of the follow-up action requested at the table.

Sincerely,

LaCharles (LC) James
President/Founder
Herald Fire Prevention Council

(310)729-2491
Linkedin
99-2371349
Strengthening Herald, Preventing Wildfire

Outlook

[EXTERNAL] Written comment for Board Meeting Aug. 20, 2026

From John W <js_weber@hotmail.com>
Date Thu 8/20/2026 1:29 PM
To Public Comment <PublicComment@smud.org>

Dear Board of Directors,

You all know I am a SMUD super fan. As the commentor last night stated, suggestions for improvements should always be welcome.

I like to keep things positive in the public oral comment so I will address this in written comment.

A little history. I have done about one hundred records requests over the last four years or so with multiple Texas organizations subject to the Texas Public Information Act. So, I am very familiar with public records requests. Some of these were very extensive. I normally would receive the records within 10 business days. I submitted a written records request with SMUD on June 18, 2026.

The California Public Records Act seems much less transparent than the Texas Public Information Act. To the best of my understanding, the following is a true statement. I could be misinformed due to the lack of transparency at the state level regarding the Act.

"The agency must respond to a request for public records within 10 calendar days. The time for responding can be extended by the agency for an additional 14 calendar days due to specifically defined "unusual circumstances."23 "No further delays are authorized by the statute."

Assuming "unusual circumstances" for my request, I should have been provided or granted access to view the documents in July. It is August 20th and I am still waiting. Maybe I lack information on the Act. I would love to receive a copy of the latest version on PDF. I haven't been able to find one, just dead-end links. Texas provides the most current Act Handbook on their website. https://www.texasattorneygeneral.gov/open-government/members-public/overview-public-information-act I had higher hopes for the State of California. This isn't a SMUD issue.

The SMUD issue is, I am still waiting for the records request I requested on June 18. Please let me know if my understanding of the California Open Records Act is correct or incorrect. If my understanding is correct, please make my request public ASAP.

Thank you for your consideration,
John Weber

Outlook

[EXTERNAL] SMUD Vehicles parking In Red Zones/Fire Hydrant

From Joseph Tilghman <josephltilghman@gmail.com>
Date Thu 8/6/2026 12:58 PM
To Public Comment <PublicComment@smud.org>; Legal <legal@smud.org>

4 attachments (24 MB)
1000000874.jpg; 1000000875.jpg; 1000000873.jpg; 1000000862.jpg;

Good afternoon,

I'm writing today in regards to a continuous issue that I've seen by SMUD employees over the last few months.

I've seen SMUD vehicles parked in fire lanes and in front of fire hydrants no less than 3 times now. I understand that utility vehicles are given additional privileges during emergency situations, but I don't believe any of these instances were emergencies. One time a personal vehicle of a SMUD employee was also parked in a red zone.

One time is an accident. Two times is coincidence. Three times is a pattern.

Why would your drivers block a fire hydrant?

Please see the attached photos.

Respectfully,
Joseph Tilghman

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SMUD
smud.org
First Aid Kit
BURN KIT
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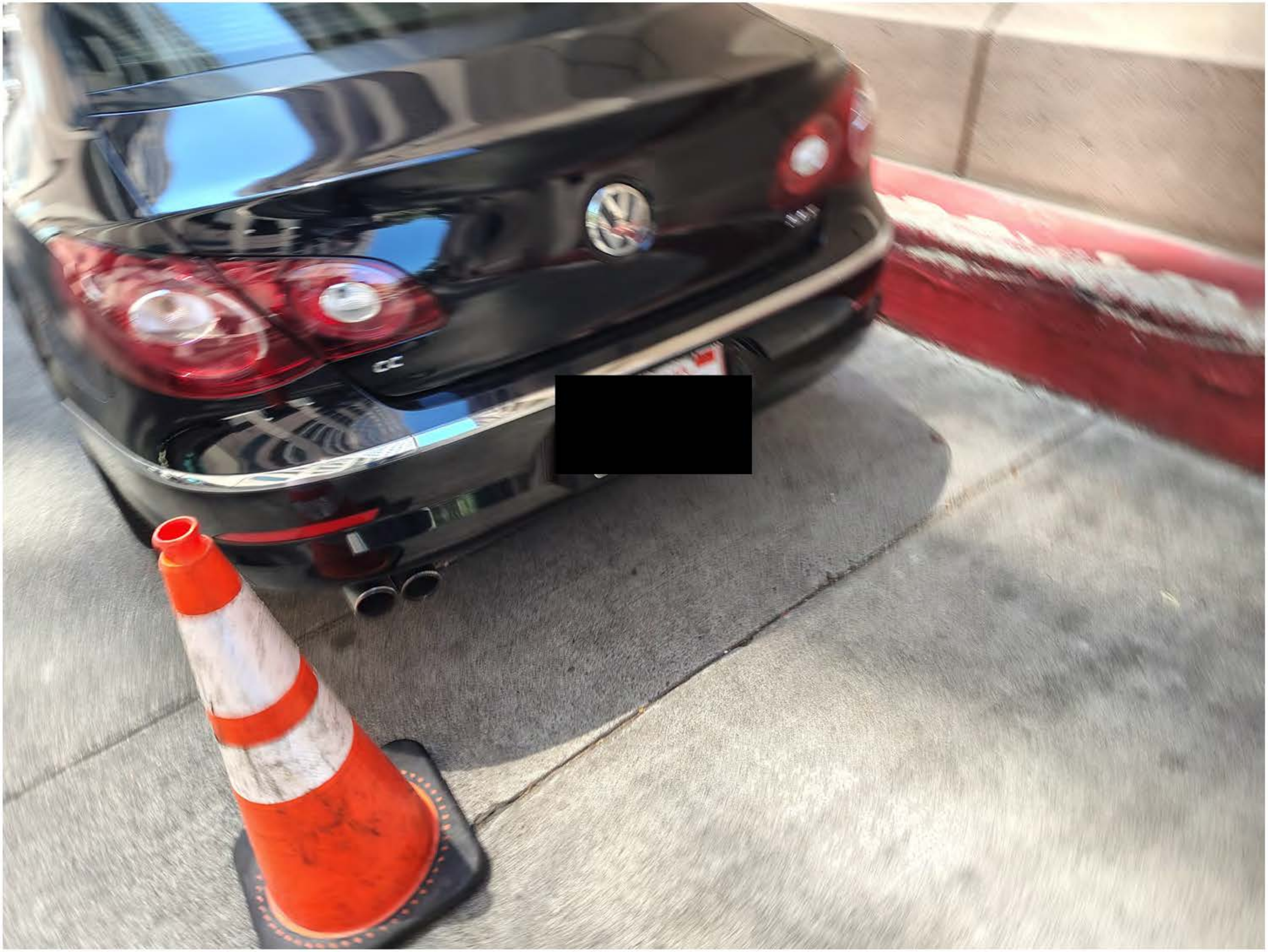
BIKE LANE
SMUD
SMUD

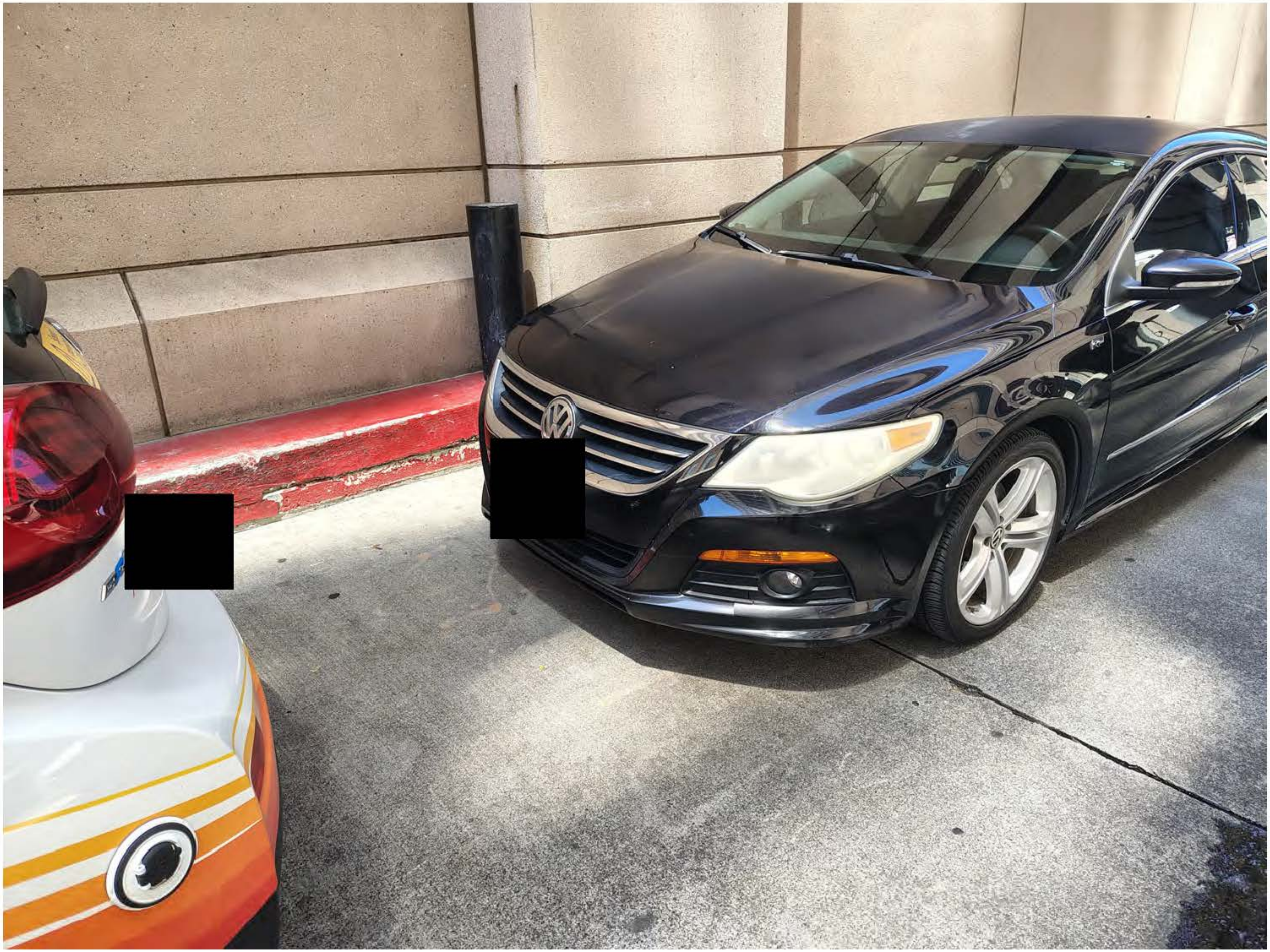

SMUD
PARKING
DELI


SMUD

SMUD
smud.org
Exit
PARK
ENTRANCE
OPEN


SMUD
Powering forward.
Together.
smud.org
Speed
monitored
by GPS.
CA EXEMPT
smud.org
BOLT EV
All-electric





6

SSS No.		Committee Meeting & Date
ZCES 26-005		Strategic Development – 09/08/26
		Board Meeting Date
		September 17, 2026

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

	TO		TO
1.	Linda Wong	6.	Jennifer Restivo
2.	James Frasher	7.	
3.	Joel Ledesma	8.	
4.	Frankie McDermott	9.	**Legal**
5.	Jose Bodipo-Memba	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
James Frasher	Research and Development, Grants, and Partnerships	K221	6082	08/13/26

NARRATIVE:

Requested Action: Authorize submission of a SMUD Round 6 grant application for a California Strategic Growth Council Transformative Climate Communities (TCC) Program Grant (Grant) and authorize the Chief Executive Officer and General Manager, or her designee, to negotiate and execute in the name of Sacramento Municipal Utility District a Grant recipient contract with the State of California as well as other Grant documents, including, but not limited to, agreements, amendments, and requests for payment, necessary to facilitate Grant participation.

Summary: The Transformative Climate Communities (TCC) Program, established by Assembly Bill 2722 (Burke 2016), funds community-led development and infrastructure projects that achieve major environmental, health, and economic benefits in California's most disadvantaged communities.

The newest round of funding under the TCC Program, Round 6, is available in the amount of $98.4 million from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024. Applications are due no later than September 30, 2026.

SMUD currently has planned and budgeted projects for urban greening and residential electrification for low-income customers, which qualify for the TCC Program Round 6 funding.

Board Policy: *(Number & Title)* This report supports the SD-19 Diversified Business by seeking grant funding. Board-Staff Linkage BL-13, Delegation to the CEO with Respect to Grants

Benefits: If awarded, SMUD will be the beneficiary of a multi-million dollar award that directly offsets planned work across the organization in Building Electrification, Research & Development, and Urban Greening from 2027-2031.

This grant will simultaneously provide additional funding for community-based organizations with whom we have partnered to execute robust sustainable, workforce, economic, housing, health, and transportation projects.

Collectively, these projects will infuse much needed resources and focus into the selected North Sacramento region defined within the Grant.

Cost/Budgeted: Projects have been planned and budgeted. The SMUD cost-sharing requirement will not exceed 50% of Grant funding awarded and will be used to offset the costs of planned projects including urban greening and residential electrification for low-income customers and support for partner organization projects.

Alternatives: Do not approve CEO/GM delegation to proceed with grant application and funding.

Affected Parties: Board of Directors, Executive Staff

Coordination: Organization-wide

Presenter: James Frasher, Director, Research and Development, Grants, and Partnerships

Additional Links:

SUBJECT	ITEM NO. ***(FOR LEGAL USE ONLY)***
Transformative Climate Communities (TCC) Program Grant Application	**6**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

RESOLUTION NO. ________________

WHEREAS, this Board has adopted diversified business and environmental leadership policies; and

WHEREAS, the **California Strategic Growth Council (CSGC) Transformative Climate Communities (TCC) Program** funds frontline communities' projects to reduce greenhouse gas emissions and local air pollution; and

WHEREAS, funding for **Round 6** of **TCC Program** grants is available for projects that reduce greenhouse gas (GHG) emissions through the development and implementation of neighborhood-level transformative climate community plans; and

WHEREAS, in support of SMUD's policies, SMUD plans to submit a **Round 6** application to **CSGC** for the **TCC Grant (Grant)** due on September 30, 2026; and

WHEREAS, SMUD currently has planned and budgeted projects for urban greening and residential electrification for low-income customers; and

WHEREAS, the potential funds acquired from the **Grant** will also support funding for community-based organizations with whom SMUD has partnered to execute robust sustainable, workforce, economic, housing, health, and transportation projects; and

WHEREAS, the **Grant** provides funding that, if awarded, SMUD would use to offset the costs of these planned projects; and

WHEREAS, the total project **Grant** award being sought is $27.5 million, with a required 50% cost share to be fulfilled by contributions from SMUD and its multiple project partners; **NOW, THEREFORE,**

DRAFT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. This Board authorizes the submittal of SMUD's **Round 6** grant application to the **California Strategic Growth Council** for the **Transformative Climate Communities (TCC) Grant (Grant),** covering projects including urban greening and residential electrification for low-income customers, and support for partner organization projects, with a cost-share not to exceed 50% of the **Grant** funding awarded.

Section 2. The Chief Executive Officer and General Manager, or her designee, is authorized to negotiate and execute in the name of Sacramento Municipal Utility District a **California Strategic Growth Council TCC Grant** recipient contract as well as all **Grant** documents, including, but not limited to, applications, agreements, amendments and requests for payment, necessary to facilitate **Grant** participation and related community partnerships, with terms in the best interest of SMUD.

Section 3. The authorizations for the Chief Executive Officer and General Manager, or her designee, under Section 2. are effective from the date of adoption of this resolution through December 31, 2031.

7

SSS No. SERES 26-06	**BOARD AGENDA ITEM** STAFFING SUMMARY SHEET	Committee Meeting & Date Policy – 09/09/26 Board Meeting Date September 17, 2026

	TO		TO
1.	Josh Langdon	6.	Jennifer Restivo
2.	Jon Olson	7.	Suresh Kotha
3.	Linda Wong	8.	Brandy Bolden
4.	Joel Ledesma	9.	Rhonda Staley-Brooks
5.	Jose Bodipo-Memba	10.	**Legal**
6.	Frankie McDermott	11.	**CEO & General Manager**

Consent Calendar	X	Yes		No *If no, schedule a dry run presentation.*	Budgeted	X	Yes		No *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Emily Bacchini	Environmental Services	B209	6334	08/12/26

NARRATIVE:

Requested Action:
a. Accept the monitoring report for **Strategic Direction SD-7, Environmental Leadership**.
b. Discuss, with possible amendment, **Strategic Direction SD-7, Environmental Leadership**.

Summary: The purpose of this meeting is to facilitate a discussion with the SMUD Board of Directors on Strategic Direction SD-7, Environmental Leadership (SD-7). The presentation will briefly summarize SMUD's internal and external environmental programs and initiatives that promote environmental leadership. Additionally, an overview of recent work by the SMUD Board Ad Hoc Committee, SMUD staff and local environmental non-governmental organization (ENGO) representatives on the SMUD Principles for Renewable Energy Procurement and Development (PREPD), Environmental Screening process, and Power Purchase Agreement (PPA) Procurement process will be provided.

Board Policy: *(Number & Title)* Strategic Direction SD-7, Environmental Leadership

Benefits: Clarification of environmental leadership, as defined in SD-7, to better guide SMUD staff's interpretation and actions to fulfill this Direction. Awareness of the community engagement and cross-department effort that resulted in the proposed policy language and process changes.

Cost/Budgeted: There is no budgetary impact for this presentation.

Alternatives: Receive information via written report through the Chief Executive Officer & General Manager; schedule presentation for another date.

Affected Parties: Power Generation, Environmental Services, Energy Trading & Contracts, Zero Carbon Energy Solutions, Legal, Government Affairs. SMUD customers and employees

Coordination: Power Generation, Environmental Services, Energy Trading & Contracts; Zero Carbon Energy Solutions; Legal, Government Affairs & Contracts; and Sustainable Communities & DEIB Partnerships

Presenter: Emily Bacchini, Director, Safety, Environmental and Real Estate Services

Additional Links:

SUBJECT	**Strategic Direction SD -7, Environmental Leadership Monitoring Report and Proposed Policy Revisions**	ITEM NO. ***(FOR LEGAL USE ONLY)*** 7

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** August 26, 2026

FROM: Linda Wong LW 8/26/26

SUBJECT: **Audit Report No. 28008032**
Board Monitoring Report; SD-7: Environmental Leadership

Internal Audit Services (IAS) received the SD-7 *Environmental Leadership* 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Lora Anguay

DRAFT

Board Monitoring Report 2025
SD-7 Environmental Leadership

SMUD

1. Background

Strategic Direction 7 (SD-7), Environmental Leadership states that:

Environmental leadership is a core value of SMUD. In achieving this directive, SMUD will:

a. Conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, including Tribal and other cultural impacts, conserving resources, enhancing regional biodiversity and promoting equity within SMUD's diverse communities.
b. Provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.
c. Promote the efficient use of energy by our customers.
d. Advance the electrification of vehicles, buildings, and equipment.
e. Attract and build partnerships with customers, communities, policy makers, the private sector and other stakeholders.

2. Executive Summary

SMUD demonstrates our commitment to environmental leadership in our 2030 Clean Energy Vision and Zero Carbon Plan along with the transparent reporting of greenhouse gas (GHG) emissions, natural resource stewardship and our concerted efforts to make all of our communities more sustainable. This report highlights some of the accomplishments SMUD achieved in 2025 that showcases our commitment to environmental leadership.

We are compliant with the five tenets of SD-7. Our efforts are highlighted in the supporting information below and Appendices: Appendix A (2015-2025 SMUD GHG Emissions Trends), Appendix B (Sustainable Communities Deliverables and Accomplishments To-Date), and Appendix C (List of Acronyms).

3. Supporting Information

2030 Clean Energy Vision and Zero Carbon Plan

SMUD is making strong, measurable progress toward its 2030 carbon-free power goal through a balanced strategy that includes both direct project development and Power Purchase Agreements (PPAs) that expand our access to clean, reliable energy. On the development side, major local and regional projects are advancing through permitting, design, and construction, including Country Acres in Placer County, where construction is underway on a 344 megawatt (MW) solar and 172 MW battery storage project expected online in 2027; Oveja Ranch in Sacramento County, where environmental review was completed for a 75 MW solar and 37.5 MW four-hour battery storage project; and two projects currently in the environmental review process including Curry Creek, which will add 156 MW of solar and 156 MW of four-hour battery storage and Solano 5, a wind repowering effort in Solano County that will modernize existing infrastructure and increase annual energy production by approximately 80%.

At the same time, SMUD is expanding its carbon-free portfolio through strategic PPAs that bring in new renewable generation from across California and the West, including the 50 MW Sloughhouse solar project, a local solar installation that became operational in June 2025; 70 MW Grace solar project in Riverside County; 101.2 MW of wind energy from Hatchet Ridge in Shasta County; 150 MW of wind energy from the Sunzia project in New Mexico; and 46 MW of solar energy from the Terra-Gen project in Kern County. Together, these efforts represent significant additions of solar, wind, and battery storage capacity and greenhouse gas (GHG) reductions. This mix of renewable resources demonstrates SMUD's momentum in building a more diverse, reliable, and carbon-free energy portfolio to serve customers and meet its 2030 goal.

Greenhouse Gas Emissions

For 2025, GHG emissions were approximately 1.477 million metric tons carbon dioxide equivalent (CO_2e)[1]. This is a decrease of 215 thousand metric tons from 2024 emissions; a graph presenting the trend going back to 2015 (which was an especially severe drought year) can be found in Appendix A. Fluctuations in total emissions year-to-year are primarily attributable to hydroelectricity production, increases and decreases to customer demand, and the availability of ACS (Asset Controlling Supplier) low carbon power. As we continue to purchase greater quantities of zero and lower emissions-intensity power, we expect emissions to meet customer demand to decrease. A breakdown of emissions by thermal power plant, and power purchases, with comparisons between 2024 and 2025 can be found in Appendix A.

TCR Climate Registered Platinum Status

For the sixth year in a row, SMUD was recognized by The Climate Registry (TCR), a non-profit organization which designs and operates voluntary and compliance GHG reporting programs. This past year, SMUD was recognized as a Climate Registered Accelerator™ Hero.

Invasive Mussel Monitoring and Mitigation

In early 2025, golden mussels were found in the lower San Joaquin River and upper Sacramento–San Joaquin Delta region greatly increasing the threat of introduction of invasive freshwater mussels into SMUD-owned or contracted reservoirs and water supplies. We promptly began implementing a robust mussel monitoring and inspection program at Rancho Seco Lake and increased monitoring efforts in the Upper American River Project. We received a grant for $91,161 from California Department of Fish & Wildlife to enhance preparedness and response efforts against invasive golden mussels and their growing threat in lakes, reservoirs and waterways in the region. The funds allowed SMUD to purchase a solar and battery-powered boat cleaning system to clean and prevent introduction of golden mussels at Rancho Seco Lake.

Promote Efficient Use of Energy by Our Customers

Our building electrification and energy efficiency programs proactively support residential and commercial customers across the region by leading outreach to achieve carbon savings. Made possible by hundreds of homeowners attending our quarterly energy education courses and hundreds of trusted contractors in the SMUD Contractor Network joining weekly office hours and monthly webinars, our Advanced Home Solutions (AHS) program has supported over 25,000 heat pump installations for space and water heating since 2018, including 4,994 in 2025. These trainings and meetings help customers and contractors learn the benefits of all-electric heat pumps, electrification, and energy efficiency.

Last year, we increased participation even more with targeted email campaigns, bill inserts, and digital advertising as part of our Go Electric campaign. These efforts helped us reach more customers with the benefits of energy-efficient upgrades. We also launched Xerohome, an easy online tool that lets customers clearly see how electrification can save energy and lower bills. In an effort to leave no business behind in our clean energy future, commercial teams outreached five property business improvement districts in the underserved parts of Sacramento. Outreach was performed in the Arden/Howe district, River district, Mack Road district, Franklin Boulevard district, and the Gardenland/Northgate Neighborhood Association district. These efforts brought equitable outcomes for reaching diverse communities of cultural varieties where SMUD was able to assess more than 200 small to mid-sized businesses as part of these efforts.

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[1] The 2025 GHG emissions value represents emissions associated with meeting our SMUD customers' energy demand and does not include emissions associated with wholesale energy sales into the market. The 2025 emissions from the net wholesale power are approximately 0.934 million metric tons of carbon dioxide ($CO2$). The net wholesale power is the difference between the unspecified power purchased and the power sold into the market.

Partnering with the Gardenland/Northgate Neighborhood Association brought support from the Hispanic Chamber of Commerce who had received federal American Rescue Plan Act funds to support business effected by the pandemic. SMUD developed Spanish materials and agreements to engage 100% of the members of the Hispanic Chamber to utilize the funding available to them. In total SMUD will be reimbursed $1,374,912 dollars for commercial customers in this district to receive energy efficiency and electrification upgrades that achieve economic and environmental benefits.

The SD-9 report provides an update on progress towards our energy efficiency and building electrification goals in 2025.

Transportation Electrification

SMUD's transportation electrification portfolio includes residential electric vehicle (EV) charger incentives, residential outreach, and commercial charger incentives. Our goal is to have our vehicle electrification programs reduce transportation GHG emissions by 1,000,000 MT CO_2e in 2030, the equivalent of electrifying 288,000 vehicles. In 2025, our residential and commercial transportation electrification programs continued to support the adoption of transportation electrification throughout our service territory, with particular attention to under-resourced communities.

We continued to support the Clean Cars for All (CC4A) program in partnership with Sacramento Metropolitan Air Quality Management District (SMAQMD). SMAQMD's program provides up to $12,000 toward a new or used plug-in hybrid electric vehicle (PHEV) for income-qualified residents living in areas impacted by higher levels of pollution. We provided additional support for customers participating in CC4A and installed 86 EV chargers. Additionally, we installed 180 EV chargers and 344 EV circuits for income-qualified customers to equip their homes for charging a future EV.

Building Resilient Communities Through Partnership

In 2025, SMUD invested $4,631,189 in our Sustainable Communities community-based partnerships and programs, supporting an inclusive clean energy future for all customers in our service territory. By aligning our Sustainable Communities efforts with the 2030 Zero Carbon Plan, we're ensuring that all communities in Sacramento share the benefits of the clean energy transition, including health benefits from improved air quality, new jobs and resilience to climate change (Appendix B). Notable 2025 partnerships include:

- **Helping our Community Shine** – The Shine Awards program invests in local collaborations and partnerships supporting our historically under-resourced nonprofit partners that execute inclusive and equitable projects through communities. In 2025, 98 organizations submitted applications and 22 projects totaling $534,728.62 were awarded.
- **Securing Infrastructure while Supporting our Community** – SMUD partnered with Volunteers of America (VOA) to provide services to the unhoused population around our infrastructure sites. Often, crews will find unhoused campers in unsafe situations. Now, instead of calling security, the partnership, that was renewed for an additional year in 2025, resulted in a VOA social worker connecting with 200 individuals experiencing homelessness and connected them to general services, clothing, and hygiene supplies. The VOA response team also educates the individuals about safety.
- **Electrifying Meadowview** – In 2025, SMUD continued a partnership with Congresswoman Doris Matsui and local community organizations to expand neighborhood electrification in Meadowview. The project improved indoor air quality, lowered utility bills, reduced financial burden of aging appliances, and increased access to clean energy technologies while creating workforce development opportunities and engaging customers on the benefits of electrification. Building SMUD's longstanding work in residential energy efficiency, the Meadowview Neighborhood Electrification Project exceeded its original goal of 300 by retrofitting 372 homes. Partnerships with community leaders, school districts, faith-based organizations, neighborhood associations, and other local organizations were instrumental to the project's success. The Congressionally Directed Spend (CDS) grant concluded on September 30, 2025.

Partnering with our Local Tribes

SMUD continues to partner with American River College's Native American Resource Center (NARC) to support Native students and strengthen relationships with local Tribes. As a major sponsor of the American Indian Summer Institute (AISI), SMUD provides funding and employee engagement opportunities, including hands on demonstrations for the students at the East Campus Operations Center led by staff from Distribution System Operations, Warehouse Operations, Network, Substations, and Line Division. SMUD also helped establish the Elder-in-Residence program which provides opportunities for Tribal elders to share traditional cultural practices and ecological knowledge with students. These partnerships, which grew from AB52 Tribal consultation for the Station H project, reflect SMUD's ongoing commitment to meaningful collaboration with Tribal communities. In 2025, staff consulted with at least one Tribe on every California Environmental Quality Act (CEQA) project including Station J Substation, Solano 5 Wind Repower, Oveja Ranch Solar, Curry Creek Solar, and the Folsom Administrative Office Building.

Sacramento Tree Foundation Sacramento Shade Program

In 2025, the Sacramento Tree Foundation distributed 11,203 shade trees as part of its Sacramento Shade program serving 2,695 customers with an average of 5 trees delivered per customer. A total of 4,164 trees (37.2%) were planted in under-resourced communities. The total carbon (stored in biomass and avoided) for these trees is estimated at 34,044.10 metric tons. In the Fall of 2025, we began a pilot to add native shrubs to the Shade Tree Program. The native shrubs are an opportunity to engage residents in multi-family units with limited space and renters who cannot plant trees. Sourcing from a local vendor, Cornflower Farms, the program successfully provided 50 shrubs at the end of 2025.

Environmental Review and Habitat Conservation Plan Initiatives

In 2025, the Environmental Services team reviewed a total of 389 projects located in areas with potential sensitive biological resources, naturally occurring asbestos, or soil management considerations. Avoidance and minimization measures or mitigation was prescribed for 47% of projects with potential to impact sensitive biological resources. All projects with potential for naturally occurring asbestos or contaminated soil were evaluated and best management practices were implemented to ensure the safety of field staff and contractors. Additionally, 2025 marked the inaugural year of SMUD's Habitat Conservation Plan (HCP). SMUD performed 35 projects using the streamlined permit program that prioritized species protection. Throughout this process, project impacts were minimized and mitigated in accordance with the conditions of the HCP, reinforcing our commitment to responsible environmental stewardship.

Biodiversity & Habitat Conservation Working Group Initiatives

SMUD's internal Biodiversity & Habitat Conservation working group remained active throughout 2025 with members coordinating on initiatives to support enhanced regional biodiversity. Our Pine Hill Preserve restoration project, a partnership with state and federal agencies, Sacramento State, and multiple SMUD departments, won the 2025 North American Pollinator Protection Campaign's Electric Power Award for its right of way management practices supporting rare and endemic plant species in addition to pollinators and wildlife. We tripled the volume of locally native seed packets purchased for distribution at SMUD community events held in the spring and fall. We launched a first-of-its-kind Nature-Based Carbon Solutions & Biodiversity feasibility study to understand the potential for land-based carbon storage with co-benefits to local ecosystems associated with land that SMUD owns or manages. SMUD joined the regional Power in Nature initiative, a collaborative effort to support the state's 30x30 program.

Avian Protection

In 2025, as part of SMUD's Avian Protection Program, upgrades were made on 53 poles aimed at making overhead facilities safer for birds and more reliable for our customers. Avian mitigation projects included installation of avian protection guards, flight diverters, and pole reframing. Additionally, three nest platforms were installed on wood poles along Garden Highway to facilitate the relocation of osprey nests to protect the birds, increase system reliability, and support local osprey populations.

Equipment Electrification

SMUD has been replacing its gas/diesel-powered equipment with equivalent electric/battery powered tools where they are available from the market, such as chain saws, trimmers, blowers, and generators. By researching market availability and capitalizing on technological improvements, we achieved 98% hand tool electrification in 2025.

SMUD is also focused on reducing emissions generated by our fleet. This is being accomplished through alternative fuel usage, idle reduction and vehicle electrification where the technology is available. Since 2016, SMUD has measured:

- GHG emissions reduction through transportation electrification, increasing from 1.0 $MTCO_2e$ in 2016 to a reduction of 99.0 $MTCO_2e$ in 2025.
- Electric vehicle miles driven have increased from 2,462 in 2016 to 358,635 in 2025.
- Total emissions generated from combustion of fossil fuels by the Fleet have also been reduced from 5,553 $MTCO_2e$ in 2016 to 3,677 $MTCO_2e$ in 2025**.**
- Fuel Economy increased from 7.48 miles per gallon (MPG) in 2016 to 8.76 MPG in 2025.

Investment Recovery and Sustainable Solutions

The Warehouse team had a remarkable year with the Investment Recovery and Sustainable Solutions (IR&SS) program resulting in extra income, cost savings and less waste sent to landfills. In 2025 the IR&SS program generated $1.1 million from recycled metals and diverted 957 tons from the landfill. This effort also helped avoid approximately 5,200 $MTCO_2e$ by recycling instead of producing metals from raw materials. Warehouse Material Specialists saved over $2 million by implementing a circular economy model (redeploy, reuse, repurpose, recycle). We reused 388 wood reels and respooled 74 of those with wire. Additionally, 2,245 wood pallets were recycled or reused instead of going to the landfill.

SMUD contracted with Transformer Technologies, a company that specializes in the decommissioning, dismantling, and recycling of electrical equipment for utilities. This recycling effort not only reduces waste but also supports SMUD's sustainability initiatives by efficiently recycling materials such as copper, aluminum, and oil. In the current market, SMUD receives credit for metal recycling. In 2025, we removed and recycled eight transformers from substations, totaling $372,730 in credit, and diverted a total of 780,410 pounds of metal from landfills.

4. Challenges

In 2025, The primary challenges to achieving the SD-7 goals centered on advancing SMUD’s Zero Carbon initiatives while balancing costs, reliability, and environmental stewardship. As SMUD continued to develop renewable energy projects, procure clean energy resources, and modernize the electric grid to support building electrification, electric vehicles, and regional growth, projects encountered increasingly complex regulatory requirements, land use constraints, sensitive biological and cultural resources, permitting challenges, and rising development costs. Addressing these challenges required innovative planning, early coordination with Tribes, agencies, landowners, and local communities, and thoughtful project design to minimize environmental impacts while delivering power and the infrastructure needed to support SMUD's clean energy vision.

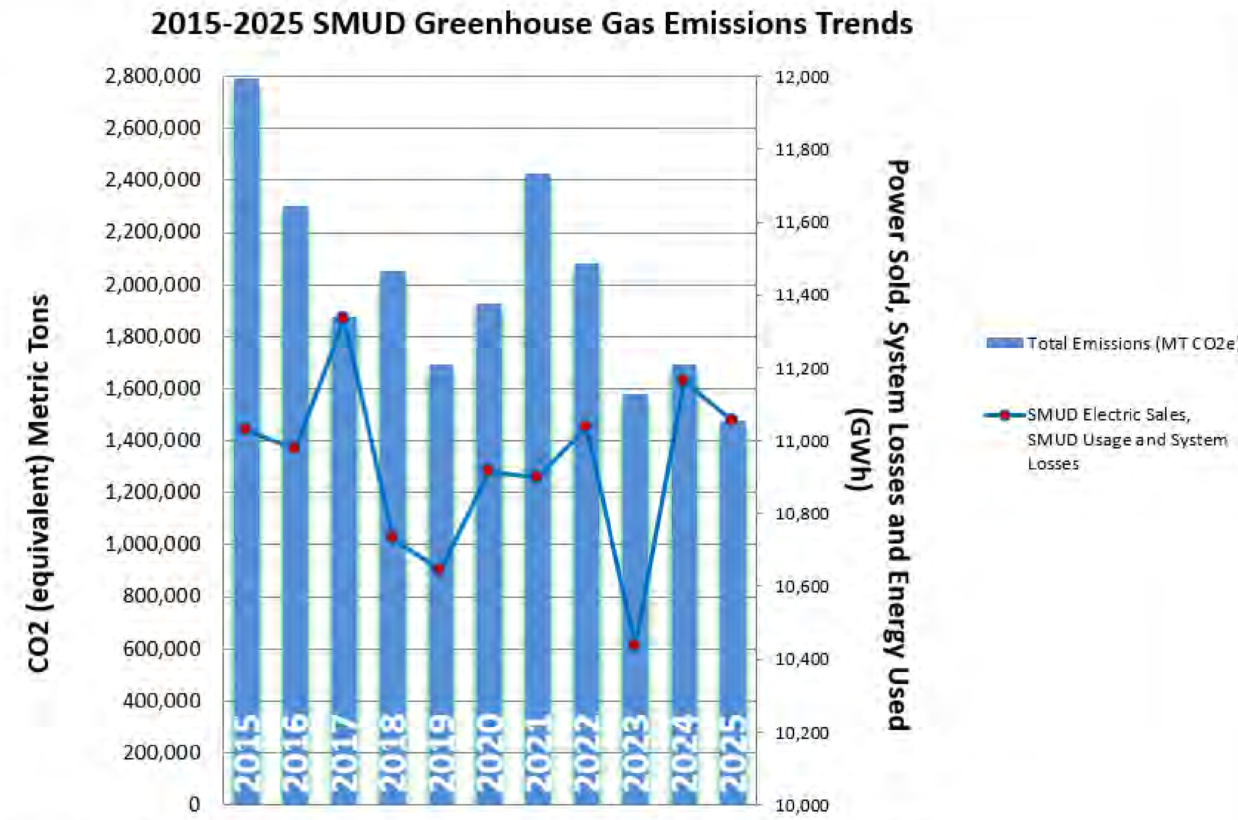
5. Recommendation

It is recommended that the Board accept the Monitoring Report for SD-7, Environmental Leadership.

6. Appendices

A. 2015-2025 SMUD Greenhouse Gas Emissions Trends
B. Sustainable Communities Deliverables and Accomplishments To-Date
C. List of Acronyms

Appendix A[2]



Total emissions and SMUD electric sales are net of wholesale emissions and wholesale power sales, respectively.

* Starting with the 2024 emissions data, SMUD changed fom an annual emissions accounting method to an hourly emissions accounting method that aligns with the requirements under Senate Bill 1158.

Thermal Power Plant Greenhouse Gas Emissions			
Source	2024 MMT CO_2e	2025 MMT CO_2e	Percent Change
Thermal Emissions less any Cogen Sales			
Cosumnes	1,466	1,345	-8%
Proctor & Gamble	267	231	-13%
Campbell	301	253	-16%
Carson	48	44	-9%
McClellan	2.3	0.8	-64%
Specified Power Purchases	490	537	10%
Net Wholesale Adjustment	(882)	(934)	-6%
Total	1,692	1,477	-13%

[2] SD7 reports emissions to meet customer demand net of wholesale market transactions, while SD9 provides an explanation of events that materially increased or decreased our emissions from what was forecast.

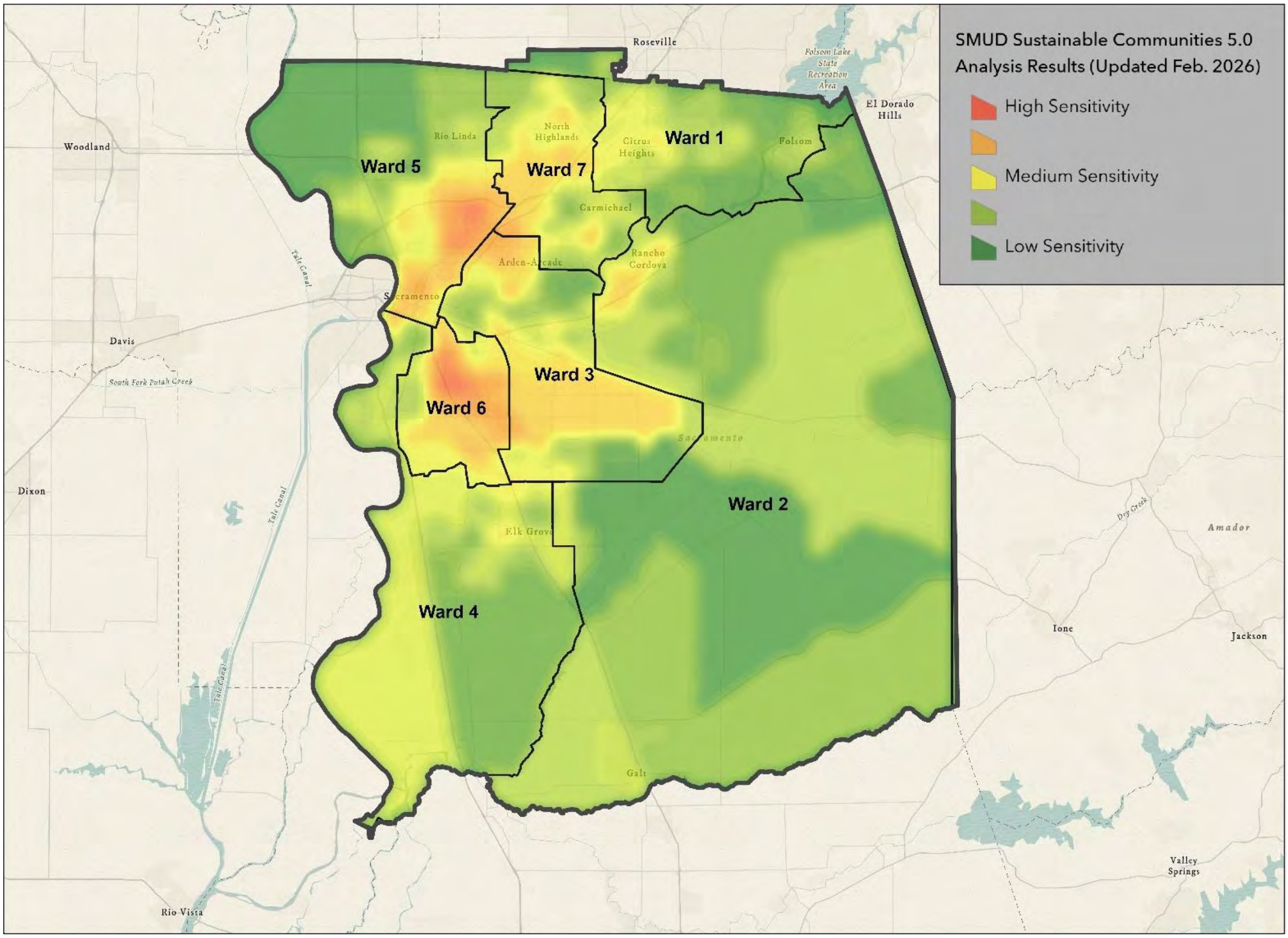
Appendix B

Sustainable Communities Deliverables and Accomplishments To-Date

Through our Sustainable Communities program, SMUD partners with our community to deliver innovative energy solutions that strengthen the local Sacramento economy and improve quality of life for our customers. Through targeted investments in community-based organizations, we work to keep energy affordable, enhance community resiliency, and ensure neighborhoods are prepared to adapt to changing energy needs and environmental conditions.

Our Sustainable Communities efforts focus on building a skilled zero carbon workforce, expanding access to energy and Science, Technology, Engineering, and Mathematics (STEM) education, and supporting economic development across the region. By aligning resources with community priorities, we help create opportunities for innovation, job growth, and long-term stability for the customers and communities we serve.

Sustainable Communities Resource Priorities Map



SMUD's Sustainable Communities Resource Priorities Map analyzes current data to identify the local areas most likely to be under-resourced or in distress due to lack of community development, income, housing, employment opportunities, transportation, medical treatment, nutrition, education, and clean environment. The map and underlying source data support a data driven approach to identifying and targeting communities with greater sensitivity to social, economic, and environmental vulnerabilities. SMUD is continuing to assess how various energy programs and projects can be enhanced or expanded to improve equity, incorporating what community members themselves feel is needed to achieve a more equitable energy future.

Appendix C

List of Acronyms

AHS	Advanced Home Solutions
AISI	American Indian Summer Institute
ACS	Asset Controlling Supplier
CEQA	California Environmental Quality Act
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide Equivalent
CC4A	Clean Cars for All
CDS	Congressionally Directed Spend
EPRI	Electric Power Research Institute
EV	Electric Vehicle
GHG	Greenhouse Gas
HCP	Habitat Conservation Plan
IR&SS	Investment Recovery and Sustainable Solutions
MW	Megawatt
MMT	Million Metric Tons
NARC	Native American Resource Center
PHEV	plug-in hybrid electric vehicle
PCB	Polychlorinated Biphenyls
PPAs	Power Purchase Agreements
SD	Strategic Direction
SMAQMD	Sacramento Metropolitan Air Quality Management District
SMUD	Sacramento Municipal Utility District
STEM	Science, Technology, Engineering, and Mathematics
TCR	The Climate Registry
VOA	Volunteers of America
ZCP	Zero Carbon Plan

DRAFT

RESOLUTION NO. _____________

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-7, Environmental Leadership**, substantially in the form set forth in **Attachment** ___ hereto and made a part hereof.

SSS No. LEG 2026-0097	**BOARD AGENDA ITEM** **STAFFING SUMMARY SHEET**	Committee Meeting & Date N/A Board Meeting Date September 17, 2026

TO		TO	
1.		6.	
2.		7.	
3.		8.	
4.		9.	**Legal**
5.		10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**		**Yes**	X	**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Laura Lewis	Executive Office	B308	6123	09/11/26

NARRATIVE:

Requested Action: Approve proposed revisions to Strategic Direction SD-7, Environmental Leadership.

Summary: At the September 9, 2026, Policy Committee, staff summarized the work completed by the SMUD Board Ad Hoc Committee, SMUD staff and local environmental non-governmental organization (ENGO) representatives regarding the SMUD Principles for Renewable Energy Procurement and Development (PREPD), environmental screening process, and Power Purchase Agreement (PPA) procurement process. Staff recommended that the Board adopt the proposed revisions to Strategic Direction SD-7, Environmental Leadership (SD-7).

A redline and clean (redlines accepted) copy of proposed revisions to SD-7 are attached, as well as the PREPD, as directed by the Board.

Board Policy: *(Number & Title)* Strategic Direction SD-7, Environmental Leadership; Governance Process GP-1, Purpose of Board

Benefits: Clarification of environmental leadership, as defined in SD-7, to better guide SMUD staff's interpretation and actions to fulfill SD-7. Awareness of the community engagement and cross-department effort that resulted in the proposed policy language and process changes.

Cost/Budgeted: Costs contained in budget for internal labor.

Alternatives: Do not approve the proposed revisions; make other revisions; schedule for another date.

Affected Parties: Power Generation, Environmental Services, Energy Trading & Contracts, Zero Carbon Energy Solutions, Legal, Government Affairs, SMUD customers and employees

Coordination: Power Generation, Environmental Services, Energy Trading & Contracts, Zero Carbon Energy Solutions, Legal, Government Affairs & Contracts; and Sustainable Communities & DEIB Partnerships

Presenter: Emily Bacchini, Director, Safety, Environmental & Real Estate Services

Additional Links:

SUBJECT **Proposed Revisions to Strategic Direction SD-7, Environmental Leadership**	ITEM NO. ***(FOR LEGAL USE ONLY)*** **8**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SMUD BOARD POLICY

Category: Strategic Direction
Policy No.: SD-7
Title: Environmental Leadership

Environmental leadership is a core value of SMUD. In achieving this directive, SMUD will:

a) Conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, including Tribal and other cultural impacts, conserving resources, enhancing regional biodiversity and promoting equity within SMUD's diverse communities.

b) Provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.

c) Promote the efficient use of energy by our customers.

d) Advance the electrification of vehicles, buildings and equipment.

e) Attract and build partnerships with customers, communities, policy makers, the private sector and other stakeholders.

f) Address SMUD's Principles for Renewable Energy Procurement and Development (PREPD).

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

August 21, 2003	Resolution No. 03-08-13	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
July 21, 2005	Resolution No. 05-07-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-14	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
November 16, 2023	Resolution No. 23-11-07	Date of Revision.
October 17, 2024	Resolution No. 24-10-02	Date of Revision. ~~[Current Policy]~~
September 17, 2026	Resolution No. 26-09-XX	Date of Revision. [Current Policy]

SMUD BOARD POLICY

Category: Strategic Direction
Policy No.: SD-7
Title: Environmental Leadership

Environmental leadership is a core value of SMUD. In achieving this directive, SMUD will:

a) Conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, including Tribal and other cultural impacts, conserving resources, enhancing regional biodiversity and promoting equity within SMUD's diverse communities.

b) Provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.

c) Promote the efficient use of energy by our customers.

d) Advance the electrification of vehicles, buildings and equipment.

e) Attract and build partnerships with customers, communities, policy makers, the private sector and other stakeholders.

f) Address SMUD's Principles for Renewable Energy Procurement and Development (PREPD).

Monitoring Method: CEO Report
Frequency: Annual
Versioning:

August 21, 2003	Resolution No. 03-08-13	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
July 21, 2005	Resolution No. 05-07-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-14	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
November 16, 2023	Resolution No. 23-11-07	Date of Revision.
October 17, 2024	Resolution No. 24-10-02	Date of Revision.
September 17, 2026	Resolution No. 26-09-XX	Date of Revision. [Current Policy]

SMUD Principles for Renewable Energy Procurement and Development

SMUD is committed to developing and procuring carbon free renewable energy in a manner that supports the community, protects the environment including Tribal, cultural and historic resources, and respects human rights. This document provides guidance on the key objectives that SMUD expects to achieve associated with this commitment. SMUD requires that each project address these Principles and report on their implementation plan to the SMUD Board in a transparent public process, with follow-up to monitor actual outcomes.

Key objectives:

1) Land Use: Prioritize previously developed lands. Avoid then minimize impacts on sensitive environmental resources, including but not limited to cultural resources, Tribal cultural resources, and biological resources such as special status species habitat, vernal pools and other sensitive habitats, parks and protected lands, Waters of the US and Waters of the State. Compatibility with surrounding sensitive land uses shall be considered and conflicts identified shall be avoided, minimized or mitigated as feasible along with other required mitigation. When considering projects where special status species have been identified, work with relevant agencies to determine surveys required to support environmental review. Consider how required mitigation can optimize outcomes for special status species in the region of the project.

2) Tribal Cultural Resources – Ensure tribes are consulted, as appropriate, on potential impacts to Tribal cultural resources during project siting.

3) Land use: All projects shall employ techniques for maintaining and/or restoring ecosystem functions including those which address potential indirect and direct habitat connectivity impacts, in conjunction with renewable energy outcomes, as consistent with prudent utility practices. Employ project site selection, project design and construction practices that minimize ground disturbance and protect topsoil. Techniques may include establishment of native vegetation, pollinator habitat, restricting use of herbicides and pesticides, use of grazing for vegetation management and seasonally appropriate maintenance practices.

4) Agriculture: Where development is on or surrounded by agricultural lands the project should also employ agricultural practices on the property during operations including sheep grazing, pollinator habitat, dry crop farming and irrigated food production where feasible.

5) Community Outreach: Community engagement shall be demonstrated during project development. All developers are required to proactively engage with affected communities, including the authority having jurisdiction, to ensure transparency, gather input, share findings with SMUD and address concerns throughout the project.

6) Sustainable Life Cycle Management: Include plans for sustainable life cycle management of construction materials and project components during construction and operation that provides for recycling and reuse of construction waste and waste during operation including but not limited to the solar panels.

7) Sustainable Communities: Include plans to engage a local workforce and provide a sustainable community strategy that addresses workforce disparity gaps for historically underserved communities and maximize the percentage of local labor used to staff the project. If the project is in SMUD's service territory, hiring targets should include communities with medium high to high sensitivity within SMUD's service territory as defined on SMUD's Sustainable Communities Resource Priorities Map as well as strategies to engage local workforce programs for recruitment.

8) Sustainable Materials & Equipment: Material and equipment shall be sourced from companies that have a human rights policy and statement of supply chain ethics commitment to respect human rights and uphold ethical business practices in their operations and value chains.

DRAFT

RESOLUTION NO. ______________

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board approves the revisions to the **Strategic Direction SD-7, Environmental Leadership**, substantially in the form as set forth in **Attachment** ___.

9

SSS No.	BOARD AGENDA ITEM	Committee Meeting & Date
RS 26-001	STAFFING SUMMARY SHEET	Policy - 09/09/26
		Board Meeting Date September 17, 2026

	TO		TO
1.	Linda Wong	6.	Rhonda Staley-Brooks
2.	Bryan Swann	7.	
3.	Joel Ledesma	8.	
4.	Suresh Kotha	9.	**Legal**
5.	Brandy Bolden	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Sara Elsevier	Resource Planning	B205	5056	8/12/2026

NARRATIVE:

Requested Action: Accept the monitoring report for Strategic Direction SD-9, Resource Planning.

Summary: Annual SD-9 Resource Planning Monitoring Report for achievements in 2025.

Board Policy: *(Number & Title)* Meets annual monitoring requirement for Strategic Direction SD-9, Resource Planning (SD-9), providing SMUD's progress towards key resource planning objectives including progress towards our greenhouse gas reduction goals, renewables portfolio standard (RPS), energy efficiency, building and transportation electrification, equitable offerings for under resourced communities, and support of clean distributed energy resources through programs and incentives.

Benefits: Provide a progress report of 2025 achievements to SMUD Board members and public on meeting our core resource planning objectives contained in SD-9.

Cost/Budgeted: Contained in budget for internal labor.

Alternatives: Provide via written report through the Chief Executive Officer and General Manager.

Affected Parties: Resource Planning and Settlements, Enterprise Strategy, Customer and Grid Strategy, Customer and Community Services, Communication, Marketing and Community Relations, Legal, Government Affairs & Contracts, Energy Delivery and Operations, Learning & Sustainable Communities, Environmental & Real Estate Services, Research & Development, Grants & Partnership

Coordination: Executive Office, Resource Planning, Internal Audit Services

Presenter: Bryan Swann, Director, Resource Planning and Settlements

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Annual SD-9 Resource Planning Monitoring Report	9

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** August 26, 2026

FROM: Linda Wong LW 8/26/26

SUBJECT: **Audit Report No. 28008033**
Board Monitoring Report; SD-9: Resource Planning

Internal Audit Services (IAS) received the SD-9 *Resource Planning* 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Lora Anguay

DRAFT

Board Monitoring Report 2025
SD-9, Resource Planning

1. Background

It is a core value of SMUD to provide its customers and community with a sustainable power supply using an integrated resource planning process.

A sustainable power supply is one that reduces SMUD's greenhouse gas (GHG) emissions to serve retail customer load to zero by 2030. Zero GHG emissions will be achieved through investments in energy efficiency, clean distributed energy resources, renewables portfolio standard (RPS) eligible renewables, energy storage, large hydroelectric generation, clean and emissions free fuels, and new technologies and business models. Additionally, SMUD will continue pursuing GHG savings through vehicle, building and equipment electrification.

SMUD shall assure reliability of the system, minimize environmental impacts on land, habitat, water and air quality, including Tribal and other cultural impacts, and maintain competitive rates relative to other California electricity providers.

To guide SMUD in its resource evaluation and investment, the Board sets the following energy supply goal:

Year	Greenhouse Gas Emissions (metric tons)
2020	2,318,000
2030 - beyond	0

In keeping with this policy, SMUD shall also achieve the following:

a) Pursue energy efficiency and electrification to reduce carbon emissions by 365,000 metric tons from buildings and 1,000,000 metric tons from transportation in 2030 (the equivalent of 112,000 single family homes and 288,000 passenger vehicles electrified).
b) Procure renewable resources to meet or exceed the state's mandate of 33% of SMUD's retail sales by 2020, 44% by 2024, 52% by 2027, and 60% of its retail sales by 2030 and thereafter, excluding additional renewable energy acquired for certain customer programs.
c) In meeting GHG reduction goals, SMUD shall:
   i. Emphasize local and regional benefits.
   ii. Improve equity for under-served communities.
d) Explore, develop, and demonstrate emerging GHG-free technologies and business models.
e) Promote cost effective, clean distributed generation through SMUD programs.

2. Executive Summary

SMUD made progress towards each Strategic Direction 9 (SD-9) goal in 2025. We added 151 MW of solar and wind to our energy supply, supported a 23% increase in all-electric buildings and a 23% increase in electric vehicles (EVs), and stayed on track to meet the state's renewable resources mandate for the 2025-2027 compliance period. We implemented programs focused on local benefits and under-served communities, pursued GHG-free technologies including carbon capture and storage, and supported the addition of 53 MW of customer solar and storage. Our GHG emissions to meet customer electricity needs **were 1,477 thousand metric tons (MT) of greenhouse gas (GHG)** in 2025. This emissions result reflects several factors that SMUD cannot control for, including divergence between planned and actual wind and hydro generation and customer load during the year. Adjusting for these factors, SMUD's emissions would have been about 1,340 thousand MT GHG.

3. Additional Supporting Information

SD-9 sets various sustainable power supply goals for our integrated resource plan (IRP) as well as for our customer programs. Our IRP process informs long-term strategic development of programs and generation resources, balancing reliability, sustainability, environmental, financial, and customer benefits while achieving SD-9 goals. In 2021, the Board adopted the 2030 Zero Carbon Plan (ZCP) and revised our SD-9 targets in line with the plan. Subsequently in 2022, the Board formally adopted the ZCP as our IRP and filed it with the CEC. For a detailed history of SD-9, see Appendix A. The ZCP is our roadmap to eliminate GHG emissions from our electricity supply by 2030. Our progress related to SD-9 goals and implementation of our ZCP is detailed in this report.

A. Greenhouse Gas Emissions

GHG emissions associated with meeting customer electricity needs were 1,477 thousand MT GHG (Table 1). GHG emissions adjusted for the divergence between planned and actual wind, hydro, and customer load conditions were 1,340 thousand MT GHG. See Appendix B for more details on SMUD's adjusted emissions and how they are calculated.

Table 1: SD-9 GHG Emissions & Near-term Targets

Source	Net Power (GWh)	GHG Emissions (Thousand MT GHG)
Net generation and specified power purchases	13,476	2,411
Net wholesale market transactions (un-specified purchases less sales)	-2,423	-934
GHG emissions to meet customer load (SD-7 emissions)	**11,053**	**1,477**
Load variability adjustment		-2
Hydro variability adjustment		-53
Wind variability adjustment		-82
Adjusted emissions (SD-9 emissions)		**1,340**
2030 Target		***0***

B. Energy Efficiency and Electrification

SMUD's energy efficiency and building electrification goals are supported by rebates and retailer incentives for residential and commercial customers for new construction and retrofit programs. Meanwhile, SMUD's transportation electrification programs provide broad support to both residential and business customers interested in adopting electric vehicles and charging. SMUD's transportation electrification portfolio includes residential and commercial electric vehicle (EV) charger incentives and residential outreach. Table 2 shows the progress made by these programs in 2025.

Table 2: Energy Efficiency and Electrification Progress in SMUD Territory

SMUD Portfolio	2025 Additions	Cumulative Total	2025 Emission Reduction from Cumulative Total (MT GHG)
Building Electrification & Energy Efficiency	5,152 all-electric homes equivalent[1]	27,114 all-electric homes equivalent	153,318
Transportation Electrification	14,543 EVs registered	76,521 EVs registered	244,867[2]

C. Renewable and Zero Carbon Energy Resources

We continue advancing our renewable resource portfolio to meet state RPS requirements and ZCP objectives. See below for the status on these efforts.

California Renewables Portfolio Standard (RPS)

Although our goals are more ambitious than already aggressive state mandates, we continued to implement a renewable energy strategy that meets state RPS requirements. Leveraging existing and new RPS eligible renewable generation, we acquired sufficient resources to achieve our RPS compliance obligation for the 2021-2024 compliance period and have sufficient resources under contract to meet the 2025-2027 compliance period requirements. For a detailed discussion of our RPS compliance obligation, see Appendix B.

Zero Carbon Resource Progress and Development

To meet our environmental goals, we continued to pursue zero carbon technologies such as wind, geothermal, solar, energy storage, and clean emerging technologies such as carbon capture and sequestration, and long duration energy storage. In 2025, we added 151 MW of wind and solar to our portfolio and completed a retooling project on our Cosumnes thermal power plant, resulting in an approximate annual portfolio emission reduction of 261 thousand MT GHG. Since adopting the ZCP in 2021 and through 2025, we have added 441 MW of zero carbon resources to our portfolio. We have an additional 992 MW of zero carbon resource under power purchase agreements due online between 2026-2030, and another 2,000 MW of clean resources under various stages of evaluation. See Table 4 in Appendix C for more details. Beyond the projects identified in this report, we are continuously reviewing and pursuing additional zero carbon resource opportunities.

Voluntary Renewable Energy Programs

In alignment with the ZCP, SMUD continued to expand our customer options for voluntary renewable programs through the Greenergy and SolarShares programs. In 2025, these programs delivered a total of 807 GWh of renewable energy to participating customers, representing 8% of gross retail sales. Greenergy accounted for 478 GWh, or 59% of total Green Pricing sales, and has resumed growth following a period of stabilization, driven by increased customer interest and new project offerings.

[1] All-electric homes equivalent is defined as the sum of all fully electrified homes, as well as the all-electric home contribution of individually electrified HVAC systems, heat pump water heaters, and stoves across different homes in SMUD's service territory.

[2] One EV is equivalent to 3.2 MT of GHG reduction, assuming 13k miles/year, 15-year life vehicle via Argonne National Laboratory AFLEET CFI Tool.

SolarShares contributed 329 GWh, or 41% of Green Pricing sales, supported by increased participation in Neighborhood SolarShares and Residential SolarShares. Combined, these programs grew year over year by more than 300%, to over 11 GWh. The Residential SolarShares program, designed for low to moderate income customers, serves over 2,000 participants and continues to grow. By 2025 year end, 11% of all residential accounts were enrolled in either Greenergy, Residential SolarShares, or Neighborhood SolarShares, while 3% of eligible commercial customers participated in Greenergy or SolarShares.

D. Exploring Emerging Clean Technologies

To fully decarbonize our energy supply by 2030 as part of our ZCP, we must explore emerging clean technologies. Emerging clean technologies have the potential to keep our power reliable during the days, weeks, or even months when established but intermittent clean technologies, like solar, storage, and wind, may not generate electricity, such as cloudy or low wind periods. In 2025, SMUD continued to track progress on the 550 MW Sutter Energy Center in Sutter County, which would store up to 1.7 million MT GHG annually if successful. SMUD plans to discuss a potential power purchase agreement with the Board in 2027. Although the US DOE cancelled a grant award for this project in 2025, Calpine continues to develop the project, leveraging federal carbon tax credits that significantly reduce cost. Staff also continued to evaluate promising energy storage technologies, clean fuel opportunities and other emerging technologies such as advanced geothermal. While most of these technologies have a long way to mature, we continued to keep a pulse on the next-gen clean technologies being explored by industry.

E. Local and Regional Benefits and Under-resourced Communities

SMUD's tailored approach to engaging and investing in our under-resourced communities and helping to support their transition to zero carbon is strategically driven by the Community Impact Plan (CIP). In the plan's fourth year of implementation, SMUD expanded its engagement efforts to include additional neighborhoods, increased outreach in a wider range of languages, forged new community-based partnerships, and enhanced the installation of electrification measures in both commercial and residential buildings. Several highlights of this work in 2025 are included below, with additional detail and key projects included in Appendix C.

Electrification in Under-resourced Communities

In 2025, CIP funds supported:

- Residential Neighborhood Electrification – 2,720 energy efficiency and electrification measures installed for 319 income-qualified customers in the Meadowview neighborhood.
- Business District Electrification – 159 energy efficiency and electrification measures installed at 39 commercial sites in the greater Sacramento region.

Local Workforce Development

Through a collaborative and community-based approach, we partnered with community organizations and educational institutions to support training programs that advanced jobs and skills related to emerging zero carbon energy and electrification. As a result of these programs, participants from under-resourced communities will be well-positioned to fill the workforce needs to support the clean energy transition. In 2025, the Regional Workforce Development team partnered with 44 community organizations to reach 4,012 youth and adults with career education and training and help 834 trainees find meaningful employment.

F. Distributed Generation and Storage

SD-9 requires that SMUD develop programs to promote cost effective, clean distributed generation. The following describes progress on these programs in 2025.

Flexible Demand Programs

Our flexible demand programs seek to partner with our customers and their connected devices and distributed energy resources, benefiting both the customer and the grid. The following programs made notable contributions to our load flexibility goals in 2025:

- My Energy Optimizer Partner+ program for battery storage (a residential virtual power plant program) enrolled 1,361 new customer batteries in 2025, resulting in 1,674 total batteries enrolled for a total of 8.8 MW of flexible load capability.[3]
- My Energy Optimizer Partner program for smart thermostats enrolled 7,653 new devices in 2025, totaling 38,080 devices installed in the homes of 30,840 customers, including 665 on the Critical Peak Pricing rate,[4] with total potential flexible load capacity of almost 30 MW.
- Peak Conserve program for AC load control switches installed 53 new devices, totaling 1,749 devices for 1.4 MW of potential flexible load capacity.
- PowerDirect®, an automated demand response (ADR) program for commercial customers, had 42 customers across 383 sites enrolled and achieved a flexible load potential of 29.1 MW by the end of 2025.

Customer-side Solar and Storage

Customer-sited distributed generation and storage continued to expand in 2025, with 35.6 MW of new solar and 17.7 MW of new storage added during the year. By the end of 2025, SMUD had over 450 MW of cumulative customer solar and over 35 MW of cumulative customer storage.[5] For more detailed information, see Appendix C.

4. Challenges

SMUD continues to make progress towards SD-9 goals, but challenges remain. In 2025, these included delays in project development timelines, project cancellations, reduced federal funding for carbon reduction projects, and significant resource cost increases. Despite these challenges, SMUD remains committed to developing and identifying new clean energy projects that advance us closer towards our goals, while staying within our financial and reliability guardrails.

5. Recommendation

It is recommended that the Board accept the Monitoring Report for SD-9.

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[3] These numbers do not directly correlate with the battery system installations in Table 5 below, as those systems can have multiple batteries included in each project.

[4] Critical Peak Pricing (CPP) is an optional time-based rate. This rate is in addition to the Time-of-Day Rate (5-8 p.m.) and gives customers a discount throughout non-Peak-Event hours in exchange for higher prices during Peak Events.

[5] Cumulative customer storage reported here is in addition to the battery storage installed through the My Energy Optimizer Partner+ program.

Appendix A – SD-9 History

SD-9 was established by our Board in 2004 to guide our ongoing environmental leadership and our IRP process, balancing financial and customer rate impacts, reliability requirements, and equity considerations. Since then, our strategic directions have evolved in response to changes in markets, policies, and laws. In December 2008, the Board added sustainable power supply as a core objective of the IRP process and set a GHG emissions target.

In 2018, the Board updated our GHG reduction goals to include a 2040 Net Zero GHG goal. Subsequently, in 2020, our Board adopted a Climate Emergency Resolution, committing to work towards carbon neutrality by 2030. Also in 2020, the Board adopted carbon-based targets for energy efficiency and building electrification, making SMUD the first major utility to use carbon as a tracking metric for efficiency.

In April 2021, the Board adopted Resolution No. 21-04-04, updating SD-9 to align with our ZCP goal of zero GHG emissions in our energy supply by 2030, along with specific goals for GHG reductions related to electrification.

To achieve our goal of zero carbon by 2030, we are focusing on:

- Procuring new zero carbon and renewable energy resources.
- Expanding customer programs for energy efficiency and building and transportation electrification.
- Developing new customer programs and investigating emerging zero carbon technologies.
- Continuing our efforts to improve equity for our under-resourced communities and enhancing the health of our ecosystems.

Under SD-9, our goal is more ambitious than California's planned trajectory, which requires utilities to source at least 60% of retail sales with eligible renewable resources by 2030 and aims for economy-wide carbon neutrality by 2045. However, we recognize the utmost importance of maintaining affordable rates and reliable service while we aim to achieve our SD-9 goals.

Appendix B – Methodology

GHG Emissions Adjustments

SMUD's reported emissions for SD-9 are based on SD-7 emissions with adjustments to help explain the main components driving changes in our emissions result for the year. These key drivers include customer load, hydro generation, and wind generation; variables that we plan for but diverge to some extent from our plans each year. At the start of each year, we establish an estimated forecast for load, hydro, and wind generation based on expected weather patterns and customer growth. Unexpected and extreme weather events can significantly impact actual emissions, which is why these adjustments are necessary. For example, severe drought can reduce hydro generation, resulting in a greater reliance on nonrenewable resources and requiring corresponding reduction to SD-9 emissions. Therefore, these adjusted emissions represent what our emissions would have been if our forecasts were realized. The adjustments to actual GHG emissions in 2025 include:

- A *decrease* to account for higher-than-expected customer load.
- A *decrease* to account for lower-than-expected hydro production.
- A *decrease* to account for lower-than-expected wind production.

Appendix C – Detailed Project Descriptions

Energy Efficiency and Building Electrification

Our goal is to have building electrification and energy efficiency programs reduce GHG emissions by 365,000 MT in our community by 2030, the equivalent of electrifying 112,000 single family homes (see Table 2 for progress on this goal). Our building electrification and energy efficiency programs proactively support residential and commercial customers across the region by providing tailored solutions that facilitate total energy cost savings. The following programs have made notable contributions to our carbon reduction progress in 2025:

- Advanced Home Solutions: Supported by the quality and integrity of the hundreds of participating contractors in the SMUD Contractor Network, our Advanced Home Solutions (AHS) program achieved significant milestones in 2025. Between the program's inception and the end of 2025, AHS supported over 25,000 heat pump installations, making homes more energy-efficient and comfortable, which equates to a total of over 11,000 all-electric equivalent homes. Additionally, the AHS team launched Xerohome, an online home energy modeling tool that provides customers visibility into energy and bill savings through electrification, empowering informed decision-making.
- Commercial Electrification: In 2025, we completed 416 commercial electrification and energy efficiency projects, a 34% increase from 2024. Of those projects, commercial electrification was the primary project type, marking a shift as these measures outpaced traditional energy efficiency efforts for the first time. This growth reflects how these programs, which offer incentives, technical support, and planning tools like the new Grid Capacity Evaluation tool, are helping commercial customers and contractors plan for and advance electrification in the region.

Table 3 provides a detailed summary of our 2025 energy efficiency and building electrification accomplishments by the numbers, including offerings for our income-qualified customers.

Table 3: Energy Efficiency and Building Electrification Accomplishments

Measures & Projects Highlights	Install Count
Commercial Retrofit Projects Completed	403
New Efficient Commercial Buildings Projects Completed	13
Multifamily Units Retrofitted	384
Efficient Induction Cooktops (Electric to Electric)	185
Efficient Induction Cooktops (Gas to Electric)	382
Residential Heat Pump Water Heaters Installed (Electric to Electric)	52
Residential Heat Pump Water Heaters Installed (Gas to Electric)	789
Residential HVAC Installations (Electric to Electric)	356
Residential HVAC Installations (Gas to Electric)	3,797
Residential Seal and Insulate Installations	275
All Electric New Homes and Multifamily units Constructed	2,208

Income-Qualified Measures & Projects Highlights	Install Count
Panel Upgrades	84
Heat Pump Space Heating (Gas to Electric)	378
Heat Pump Water Heaters (Gas to Electric)	149
Induction Stoves (Gas to Electric)	44
Induction Hot Plates for Renters	97
Total energy efficiency bundles and electrification measures[6]	3,330

Transportation Electrification

Our goal is to have our vehicle electrification programs reduce transportation GHG emissions by 1,000,000 MT in our community in 2030, the equivalent of electrifying 288,000 vehicles (see Table 2 for progress on this goal). In 2025, we expanded our residential and commercial transportation electrification programs to support the adoption of electric vehicles throughout our service territory, with particular attention to under-resourced communities.

SMUD's **residential** Drive Electric program continued to promote the adoption of plug-in EV's through a variety of program offerings. Below are some metrics related to the residential Drive Electric program in 2025:

- EV Rate Credit: 6,439 new enrollments were added in 2025. Approximately 47% of residential EV households, equivalent to 36,028 customers, participate in the EV rate credit (midnight to 6 AM EV charging discount).[7]
- Ride & Drive: Seven EV Ride & Drive events were held across our territory, attracting 2,127 unique participants.
- Charge@Home: The program issued a total of 2,623 rebates to residential customers, including 1,281 for EV chargers, 1,035 for EV circuit installations, and 307 for circuit sharing devices.
- EV Advisor: This program offered personalized one-on-one EV advice and support to 6,849 customers. Over 80% of inquiries were related to incentive information, with the rest being questions about charging, billing, and vehicles.
- Clean Cars for All: We continued integral support of the Clean Cars for All program in partnership with Sacramento Metropolitan Air Quality Management District (SMAQMD). This program provides up to $12,000 toward a new or used PHEV for income-qualified residents living in areas affected by higher levels of pollution. We installed 86 EV chargers for income-qualified residents through this program.
- Additional Income-Qualified Installations: In addition to the support provided through the Clean Cars for All program, we installed 180 EV supply equipment (EVSE) and 344 EV circuits, for income-qualified customers to prepare these homes for the future addition of an EV.

SMUD's **commercial** EV Programs support EV charging projects at businesses and multi-family sites. The updates for 2025 include:

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[6] This includes all measures implemented for income-qualified customers throughout the year, including the electrification work for income-qualified customers highlighted in the previous rows (panel upgrades, heat pumps, induction stoves and hot plates), as well as installation of weatherization, LED light bulbs, bug screens, attic insulations, EV circuits, EVSE equipment, etc. This total also includes all neighborhood and business district electrification measures reported in Section 3E.

[7] SAP Installation Fact 5090 Rates report, and EPRI Vehicles in Operation report.

- Commercial Installations: Total Commercial EV program incentives in 2025 included the installation of 621 Level 2 EV chargers and 59 DC fast chargers. Level 2 chargers comprised of 593 installed through the Commercial EV program and 28 from the California Electric Vehicle Infrastructure Project (CALeVIP). A total of 122 of the Level 2 handles installed were installed at equity projects serving under resourced communities. Nearly half of the program incentives in 2025 helped fund projects at multi-family sites, expanding access to EV charging to renters in these communities.
- eFuel Services: The eFuel Solutions program completed four projects in 2025. Three sites belonging to County of Sacramento now have 35 Level 2 and four DCFC handles and were prepped for an additional 30 Level 2 and two DCFC handles. The fourth was for two Level 2 handles at the Sacramento International Airport.
- FAST Grant: Construction planning and design work continued at two strategic locations in Sacramento including the Sacramento International Airport and California State University Sacramento for the California Energy Commission's FAST (Fast and Available Charging for All Californians) grant. This effort to deploy DC fast chargers will increase access to EV charging for ride-share drivers, food delivery drivers, rental car fleets, shared mobility services, nearby residents, long-distance travelers and the public. The grant also funds the development of a new EV App initiative aimed at increasing charging affordability for ride share drivers and income-qualified multifamily residents.

Renewables Portfolio Standard

State law requires that SMUD procure renewable generation for at least 60% of retail sales by 2030 as well as achieve interim targets over several compliance periods.[8] The State determines compliance with RPS obligations over multi-year compliance periods, rather than strictly within individual years, in acknowledgment of the "lumpiness" of new resource additions and to provide some flexibility to utilities.

In 2025, renewable generation increased relative to 2024 due to new long-term contract generation, and additional short-term renewable procurement needed to meet RPS. Short-term renewable contracts are used to fill shortfalls in renewables needed to meet RPS compliance requirements, usually due to renewable project delays or under-delivery. SMUD continues to plan RPS eligible resources to meet future compliance period requirements.

Clean Resource Progress and Development

Our project development pipeline for utility-scale zero carbon technology projects is shown in Table 4. The table includes completed, under development, and planned procurement activities since adoption of the ZCP in 2021.

[8] Senate Bill 100 (De León, Chapter 312, Statutes of 2018) increased RPS targets to 44% by the end of 2024, 52% by the end of 2027, 60% by the end of 2030 and set a statewide planning goal to meet 100% of retail electricity sales with RPS eligible and zero-carbon resources by 2045.

Table 4: Project Development Pipeline

Project Name	Resource Type	Projected Online Year	Status September 2026	Size (MW)	Equivalent Homes Powered	GHG Reduction Potential (thousand MT/year)
Completed ZCP Projects - As of End of 2025						
Hedge	Battery (Local)	2022	Online	4	800 (peak)	0
NTUA (Drew)	Solar PV	2022	Online	100	34,600	121
Calpine Geysers	Geothermal	2023	Online	100	97,300	342
Solano 4 (Solano 1 Repower)	Wind	2024	Online	86	25,800	90
Sloughhouse	Solar PV (Local)	2025	Online	50	15,400	54
Hatchet Ridge	Wind	2025	Online	101	30,500	107
CPP Retool (Turndown)	Thermal Retrofit	2025	Online	n/a	n/a	100
Completed Subtotal	**Generation**			**437**	**204,400**	**814**
	Storage			**4**		
Planned ZCP Projects – As of End of 2025						
SunZia	Wind	2026	PPA Signed, Online April 2026	150	54,200	190
Country Acres	Solar PV (Local)	2027	PPA Signed, Under Construction	344	70,800	248
	Battery (Local)			172	34,400 (peak)	0
S2PVI (TerraGen)	Solar PV	2027	PPA Signed	46	13,900	49
Dry Creek	Battery (Local)	2027	PPA Signed, Under Construction	160	32,000 (peak)	0
Grace	Solar PV	2027	PPA Signed	70	16,300	57
Calpine Geysers*	Geothermal	2028	PPA Signed	25	23,100	81
		2030		25	23,100	81
Sutter CCS	CCS	TBD	Under Evaluation	TBD	TBD	TBD
Solano 2 Repower	Wind	TBD	Under Evaluation	94	36,400	128
Oveja Ranch	Solar PV (Local)	TBD	Under Evaluation	75	21,100	74
	Battery (Local)			38	7,600 (peak)	0
Curry Creek	Solar PV (Local)	TBD	Under Evaluation	156	23,500	83
	Battery (Local)			up to 156	31,200 (peak)	0
Planned Subtotal	**Generation**			**985**	**387,600**	**991**
	Storage			**526**		
Grand Total	**Generation**			**1,422**	**592,000**	**1,805**
	Storage			**530**		

*The same contract as the online project, generation increases during the contract period

Looking forward, we continue to explore various options to procure or develop additional renewable and zero carbon resources, including local solar and storage. Potential projects are thoroughly screened based on cost, projected online date, environmental and cultural impacts, and feasibility to ensure projects meet our specific requirements. We are actively discovering and pursuing new project opportunities in support of our 2030 zero carbon goal.

Local and Regional Benefits and Under-resourced Communities

At SMUD, our community is at the heart of all we do. We are working with and listening to our customers to develop programs that support livable and resilient communities. Our Sustainable Communities Resource Priorities Map is a key resource, helping guide resource allocation toward reducing growing economic disparity in Sacramento County and ensuring the benefits of our ZCP are shared equitably among all communities. In 2025, our work included:

- Building Electrification and Energy Efficiency. Continued expansion of efforts to provide no-cost energy retrofit installations to income-qualified residential customers, focusing on both gas-to-electric conversions and electric-to-electric upgrades. Notable income-qualified project highlights are found in Table 3.
- Transportation Electrification. SMUD's EV programs provided low cost or free EV charging infrastructure for income-qualified customers along with expertise in home charging solutions. EV measures implemented for income-qualified customers are reported in the Transportation Electrification section above.
- Distributed Generation and Storage. Participation in SMUD's portfolio of distributed generation and storage can sometimes require costly technologies, such as a smart thermostat, EVs, or solar and battery storage systems. Because of these potential barriers, we continued to explore inclusive approaches for our programs. For instance, SMUD's Peak Conserve Program offers free installation of AC load control devices to ensure all customers can take part in our load flexibility offerings. In 2025, we also supported equitable access to solar and battery storage by installing 54 solar and battery storage systems for income-qualified customers, through our partnerships with Habitat for Humanity and Grid Alternatives, enabling customers to participate in our virtual power plant program.
- Shine Awards. The Shine Awards program invests in local nonprofit partners that execute inclusive and equitable projects through collaborations and partnerships supporting our historically under-resourced communities. In 2025, 98 organizations submitted applications, and 22 projects totaling $534,728 were awarded. Projects included clean energy education initiatives, STEM learning opportunities for youth and educators, workforce development and career exploration in zero carbon careers, energy-efficient facility and equipment upgrades, and improvements that expand access to food distribution, safety education, and other vital community services.
- SES Renter Bundle. Research-based initiative aimed to support low and low-moderate income renters that typically have less ability to engage in electrification or energy efficiency upgrades to their rented homes. By providing renter-friendly products and services (portable fans, energy efficient light bulbs, power strips, and portable desk lamps), SMUD can help this group of customers feel more comfortable in their homes and save on their energy bills. Bundle recipients can also gain one-on-one energy saving recommendations and tips from Energy Specialists to make their home more energy efficient and improve indoor air quality.
- Land Use & Climate Innovation: Extreme Heat & Climate Resilience Round (EHCR): In partnership with the Sacramento City School District, SMUD began executing a $750k EHCR planning grant focused on engineering a solar-powered microgrid.
- Workforce Development. Our 2025 Regional Workforce Development programs recruited, trained, and facilitated the placement of individuals from neighborhoods highlighted by our Sustainable Communities Resource Priorities Map to work in areas directly impacting our region's ability to meet our 2030 zero carbon goals. In 2025, we worked with partners to train our community in skills related to solar, battery, EV, and electrification technologies and supported graduates with employment success services such as connecting with employers, resume writing advisory, and career coaching. Key work in 2025 included:

    - Worked to ensure that largescale infrastructure and grant projects have demonstrable community benefits, and realized benefits in several SMUD projects, creating equitable pathways to employment opportunities.

- Continued to support the Electrician Trainee program with NCCT, which trained 104 people and facilitated placement of 37 people in jobs leading to careers. The focus of the program is to help put more diverse apprentices in the IBEW pipeline.
- Partnered with Cosumnes River College to continue to support a Construction Electrification course that provides enrollees with a stipend to complete 36 hours of lecture and 54 hours of hands-on learning. The focus of the course is on understanding the importance of building electrification and how to install heat pumps, EV chargers, and other supporting electrical infrastructure. Upon graduation, students earn industry relevant certifications along with 3 course units that can be applied to a Construction Pre-Apprenticeship or Construction Management Credential. 55 individuals completed the class in 2025.
- Through our ongoing partnership with Grid Alternatives, 64 people received solar and electrification training, with 34 participants being placed into jobs.
- Salvation Army's construction training program incorporated a technology component into its curriculum with the support of SMUD, providing participants with Chromebooks. This access to technology also enhanced the learning experience for students in the Oak Park After School Program. In addition to energy efficiency improvement projects at the Salvation Army's Alhambra campus, the organization established an annual energy education program that aligns with SMUD's zero carbon plan.

Customer-side Solar and Storage

Table 5 summarizes customer solar and storage installations at homes and businesses in 2025.

Table 5: 2025 Customer Solar PV and Storage Installations[9]

	Residential		Commercial		Total	
	Installed Systems	MW	Installed Systems	MW	Installed Systems	MW
Customer Solar PV	5,660	25.5	441	10.1	6,101	35.6
Customer Storage	1,233	17.4	3	0.3	1,236	17.7

[9] This table includes net-energy metering (NEM), Solar Smart, virtual net-energy metering (VNEM), and Solar and Storage Rate installations.

DRAFT

RESOLUTION NO. ____________

<u>BE IT RESOLVED BY THE BOARD OF DIRECTORS</u>
<u>OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT</u>:

This Board accepts the monitoring report for **Strategic Direction SD-9, Resource Planning**, substantially in the form set forth in **Attachment** ___ hereto and made a part hereof.

SSS No. PSS 26-009	**BOARD AGENDA ITEM** **STAFFING SUMMARY SHEET**	Committee Meeting & Date Finance & Audit – 09/15/26 Board Meeting Date September 17, 2026

TO		TO	
1.	Muguet Cochran	6.	
2.	Joe Schofield	7.	
3.	Jose Bodipo-Memba	8.	
4.	Jennifer Restivo	9.	**Legal**
5.	Rhonda Staley-Brooks	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Muguet Cochran	People Services & Strategies	B251		08/21/26

NARRATIVE:

Requested Action: Approve contract change to Contract No. 4500043215 with Kaiser Permanente approving 2027 medical insurance premium rates and extending the contract by one year for the period January 1, 2027, through December 31, 2027; 2027 cost estimated at $43 million.

Summary: Kaiser Permanente presented SMUD with a renewal increase for the 2027 plan year of 11.2% for active employees, pre-65 retirees and Medicare Advantage medical plans. The percentage increase is determined by a 12-month utilization period where there were significant increases in utilization due to an increase in serious illnesses and associated pharmaceutical costs. The 11.2% increase is based on the difference in the aggregated total cost of premiums for active employees and retirees (and dependents) enrolled in the Kaiser Permanente plans from 2025 to 2026. Based on these rates and current enrollment, the total cost for 2027 medical benefit plans is projected at $43 million.

These actions will allow SMUD to provide medical benefit plans for the year 2027 to employees, retirees, and eligible dependents enrolled in SMUD's medical Kaiser plans in the most cost-effective manner. Kaiser remains the lower cost of the two medical insurance plans offered to employees.

Note: The estimated costs above will vary based on 2027 employee/retiree Open Enrollment selections and SMUD population.

Board Policy: *(Number & Title)* Strategic Direction SD-3, Access to Credit Markets. SMUD staff negotiated best price and terms with medical providers in consideration of the long-term revenue requirements, debt, and financial risk to SMUD.

Strategic Direction SD-8, Employee Relations. Providing medical benefits to employees supports SMUD's goal of an inclusive workplace that engages and inspires employees to commit to SMUD's purpose, vision, and values.

Benefits: Provide quality medical benefits to eligible SMUD employees, retirees, and eligible dependents.

Cost/Budgeted: Assuming current enrollment, SMUD's share of cost is projected at $37.7 million (after employee/retiree contributions).

Alternatives: Not accepting the proposed rate increases would jeopardize SMUD's ability to provide the required employee health benefits and impact employees' access to health care and out of compliance with current labor Memoranda of Understanding (MOUs).

Affected Parties: All eligible SMUD employees, retirees and eligible dependents participating in SMUD's Kaiser medical benefit plans.

Coordination: People Services & Strategies, Procurement and Alliant Insurance Services, Inc.

Presenter: Muguet Cochran, Director, People Services & Strategies

Additional Links:

SUBJECT	ITEM NO. ***(FOR LEGAL USE ONLY)***
2027 Kaiser Permanente Contract Change	**10**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

2027 Kaiser Permanente
Active Employee & Retiree Monthly Medical Premium Rates

Active	**Basic**		
Carrier	**Employee Only/ Retiree Only**	**Employee + 1/ Retiree +1**	**Employee + Family/ Retiree + Family**
Kaiser HMO – High Plan	$1,096.04	$2,192.08	$3,288.12
Kaiser HMO – Low Plan	$1,039.33	$2,078.66	$3,117.99
Retiree Kaiser HMO Plan	$1,096.04	$2,192.08	$3,288.12

DRAFT

RESOLUTION NO. ____________

WHEREAS, by Resolution No. 11-09-03, adopted September 1, 2011, this Board authorized a contract with **Kaiser Permanente (Kaiser)** to provide medical benefits for the year 2012 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 12-09-03, adopted September 6, 2012, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2013 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 13-09-04, adopted September 5, 2013, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2014 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 14-08-09, adopted August 21, 2014, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2015 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 15-09-04, adopted September 3, 2015, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2016 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 16-10-03, adopted October 6, 2016, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2017 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 17-09-04, adopted September 21, 2017, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2018 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 18-07-04, adopted July 19, 2018, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2019 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 19-10-07, adopted October 17, 2019, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2020 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 20-09-06, adopted September 17, 2020, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2021 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 21-10-07, adopted October 21, 2021, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2022 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 22-10-14, adopted October 20, 2022, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2023 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 23-09-08, adopted September 21, 2023, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2024 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 24-09-07, adopted September 19, 2024, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2025 to SMUD employees, retirees and eligible dependents; and

WHEREAS, by Resolution No. 25-09-02, adopted September 18, 2025, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2026 to SMUD employees, retirees and eligible dependents; and

WHEREAS, it would be in SMUD's best interest to extend the medical benefit contract with **Kaiser** and approve the 2027 premiums through December 31, 2027, because of their distinctive services and relatively lower cost compared to other health plans; **NOW, THEREFORE,**

BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. The Chief Executive Officer and General Manager, or her designee, is authorized, on behalf of the SMUD, to approve 2027 medical insurance rates and extend Contract No. 4500043215 with **Kaiser Permanente** by one year, for the period January 1, 2027, through December 31, 2027, with the 2027 cost estimated at $43 million pursuant to the premiums set forth in **Attachment** ___ hereto and made a part hereof.

Section 2. The Chief Executive Officer and General Manager, or her designee, is authorized to make future changes to the terms and conditions of the contract that, in her prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

SSS No. PSS 26-010	**BOARD AGENDA ITEM** **STAFFING SUMMARY SHEET**	Committee Meeting & Date: Finance & Audit – 09/15/26 Board Meeting Date: September 17, 2026

TO		TO	
1.	Muguet Cochran	6.	
2.	Joe Schofield	7.	
3.	Jose Bodipo-Memba	8.	
4.	Jennifer Restivo	9.	**Legal**
5.	Rhonda Staley-Brooks	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Muguet Cochran	People Services & Strategies	B251	5371	08/21/2026

NARRATIVE:

Requested Action: Approve contract change to Contract No. 4500147540 with UnitedHealthcare Insurance Company (“UnitedHealthcare”) approving 2027 medical insurance premium rates; 2027 cost estimated at $48 million.

Summary: UnitedHealthcare presented SMUD with a renewal increase for the 2027 plan year of 16.6% for our active employee, pre-65 retiree and Medicare Advantage medical plans. The percentage increase is determined by a 12-month utilization period where there were significant increases in utilization due to an increase in serious illnesses and associated pharmaceutical costs. The 16.6% increase is based on the difference in the aggregated total cost of premiums for active employees and retirees (and dependents) enrolled in the United Healthcare plans from 2025 to 2026. Based on these rates and current enrollment, the total cost for 2027 medical benefit plans is projected at $48 million.

These actions will allow SMUD to provide medical benefit plans for the year 2027 to employees, retirees, and eligible dependents enrolled in United HealthCare medical plans in the most cost-effective manner.

Note: The estimated costs above will vary based on 2027 employee/retiree Open Enrollment selections and SMUD population.

Board Policy: *(Number & Title)* Strategic Direction SD-3, Access to Credit Markets. SMUD staff negotiated best price and terms with medical providers in consideration of the long-term revenue requirements, debt, and financial risk to SMUD.

Strategic Direction SD-8, Employee Relations. Providing medical benefits to employees supports SMUD’s goal of an inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision, and values.

Benefits: Provide quality medical benefits to eligible SMUD employees, retirees, and eligible dependents.

Cost/Budgeted: Assuming current enrollment, SMUD’s share of cost is projected at $42.6 million (after employee/retiree contributions).

Alternatives: Not award, which would jeopardize SMUD’s ability to provide the required employee health benefits and impact employee’s access to health care and impact employees’ access to health care and out of compliance with current labor Memoranda of Understanding (MOUs).

Affected Parties: All eligible SMUD employees, retirees and eligible dependents participating in SMUD’s medical benefit plans.

Coordination: People Services & Strategies, Procurement and Alliant Insurance Services, Inc.

Presenter: Muguet Cochran, Director, People Services & Strategies

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
2027 UnitedHealthcare Contract Change	**11**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

2027 United HealthCare
Active Employee Monthly Medical Premium Rates

Active Employees	Basic		
Carrier	**Employee Only**	**Employee + 1**	**Employee + Family**
UnitedHealthcare Signature Value HMO – High Plan	$1,659.78	$3,502.12	$5,012.51
UnitedHealthcare Signature Value HMO – Low Plan	$1,492.02	$3,148.11	$4,505.92
UnitedHealthcare Signature Alliance HMO – High Plan	$1,257.70	$2,653.75	$3,798.25
UnitedHealthcare Signature Alliance HMO – Low Plan	$1,130.58	$2,385.50	$3,414.39
UnitedHealthcare High Deductible Health Plan	$1,193.41	$2,518.11	$3,604.11
UnitedHealthcare PPO Plan (plan closed to new participants based on high cost)	$2,307.14	$4,868.07	$6,967.55

2027 United HealthCare
Retiree Monthly Medical Premium Rates

Retiree	Basic		
Carrier	**Retiree Only**	**Retiree + 1**	**Retiree + Family**
UnitedHealthcare Signature Value HMO	$1,659.78	$3,502.12	$5,012.51
UnitedHealthcare Signature Alliance	$1,257.70	$2,653.75	$3,798.25
UnitedHealthcare PPO – in CA	$2,307.14	$4,868.07	$6,967.55
UnitedHealthcare PPO – out of CA	$2,307.14	$4,868.07	$6,967.55

DRAFT

RESOLUTION NO. ____________

WHEREAS, by Resolution No. 24-09-06, adopted on September 19, 2024, this Board awarded Contract No. 4500147540 to **UnitedHealthcare Insurance Company (UHC)** to provide administration of SMUD's medical benefits plan for an initial three-year period from January 1, 2025, to December 31, 2027, with two optional one-year extensions, for a contract total not-to-exceed amount of $275 million; and

WHEREAS, by Resolution No. 25-09-03, adopted on September 18, 2025, this Board approved 2026 medical insurance rates with the 2026 cost estimated at $48 million, and;

WHEREAS, **UHC** presented SMUD with a renewal increase for the 2027 plan year of 16.6% for active employee, pre-65 retiree and Medicare Advantage medical plans; and

WHEREAS, the percentage increase is determined by a 12-month utilization period where there were significant increases in utilization due to an increase in serious illnesses and associated pharmaceutical costs; and

WHEREAS, the 16.6% increase is based on the difference in the aggregated total cost of premiums for active employees and retirees (and dependents) enrolled in UHC plans from 2025 to 2026; and

WHEREAS, it would be in SMUD's best interest to approve the 2027 premiums through December 31, 2027, because of their distinctive services and relatively lower cost compared to other health plans; **NOW, THEREFORE**,

DRAFT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. The Chief Executive Officer and General Manager, or her designee, is authorized, on behalf of SMUD, to approve 2027 medical insurance rates with the 2027 cost estimated at $48 million pursuant to premiums set forth in **Attachment** ___ hereto and made a part hereof.

Section 2. The Chief Executive Officer and General Manager, or her designee, is authorized to make future changes to the terms and conditions of the contract that, in her prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

12

SSS No. LEG 2026-0098	**BOARD AGENDA ITEM** **STAFFING SUMMARY SHEET**	Committee Meeting & Date Finance & Audit – 09/15/26 Board Meeting Date September 17, 2026

TO		TO	
1.	Eric Poff	6.	
2.	Frankie McDermott	7.	
3.	Jennifer Restivo	8.	
4.	Rhonda Staley-Brooks	9.	**Legal**
5.	Jose Bodipo-Memba	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**		**Yes**	X	**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Joe Schofield	Legal	B308	6123	09/11/26

NARRATIVE:

Requested Action: Discuss contract award for Civil Annual Construction Services.

Summary: At the September 9, 2026, Policy Committee meeting, the Board discussed a request to award contracts to Sierra National Construction, Inc. and Doug Veerkamp General Engineering, Inc., the two highest evaluated proposers in response to Request for Proposals No. 15735.KM (RFP) for Civil Annual Construction Services, for a three-year period in an aggregate not-to-exceed amount of $150 million.

Staff plans to present the proposed award again to facilitate further Board discussion and consideration of making the award as proposed or modified.

Board Policy: *(Number & Title)* Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development

Benefits: The contract will provide SMUD with qualified contractors to execute civil construction.

Cost/Budgeted: $150,000,000; Budgeted for 2026 through 2030 by Energy Delivery & Operations

Alternatives: Award successful proposals for a shorter term or reduced total award; negotiate current contracts with incumbent Contractors for an extended term and risk less competitive pricing.

Affected Parties: Energy Delivery & Operations, Supply Chain Services, and Contractors

Coordination: Energy Delivery & Operations, Supply Chain Services, and Legal

Presenter: Joe Schofield, Deputy General Counsel

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Contract Award for Civil Annual Construction Services	12

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

RESOLUTION TO BE DRAFTED

BASED UPON BOARD DISCUSSION