As part of prudently managing energy related risks, providing retail rate stability and serving customers, SMUD is required to enter into: (i) contracts to purchase and sell wholesale electricity and natural gas; (ii) contracts for transmission, natural gas transportation and natural gas storage; and (iii) contracts to financially hedge or mitigate risks associated with wholesale electricity and natural gas prices, supplies and markets.

**Delegation of Authority:** The General Manager is delegated decision making authority consistent with the Energy Risk Management and Energy Trading Standards adopted by this Board.

**Monitoring Method:** GM Report
**Frequency:** Annual