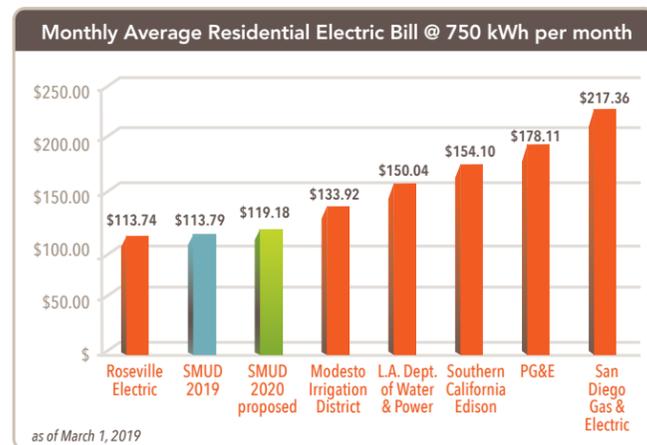


Other proposed changes

- A restructure of commercial rates to improve consistency of bill components for business customers.
- Updates to language in the green energy rates to allow them to be updated more frequently as legislation changes.
- Updates to language related to the Time-of-Day Rate (TOD) to reflect the completed transition to TOD as the standard rate for residential customers.
- Clarifying language regarding the Power Factor Waiver.
- Miscellaneous language updates to certain Rules and Regulations.

How our rates compare

As a community-owned, not-for-profit electric utility, SMUD's rates are among the lowest in California and are on average about 33% lower than those of neighboring PG&E.



Learn more

To view the complete Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services, please visit smud.org/RateInfo.

Find answers to common questions at smud.org/RateInfo, email us at contactus@smud.org or call **855-736-7655**.

2019 Rate Proposal

For residential customers

SMUD's 2019 Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services proposes changes to SMUD's rates, including an increase in rates and a new charge for customers who generate their own electricity (such as rooftop solar) and sell it back to the grid and other changes.

Proposed rate increase

The proposal includes a 4.75% rate increase in 2020 and a 4.50% rate increase in 2021 for residential and non-residential customers.

Why the rate increase is needed

SMUD works hard to control costs and operate as efficiently as possible. The proposed increase in rates is mostly driven by external factors, including:

- Wildfire mitigation, including the increased cost of wildfire insurance and additional vegetation management.
- Additional capacity to provide electricity to ensure we can reliably serve customers' energy needs during times of peak demand.
- New and enhanced technology solutions to support cyber security, customer experience, improved reliability and distributed energy resources.
- Investments to meet carbon reduction goals through transportation and building electrification, investment in renewable energy and increased energy efficiency.

How this will impact customer bills

For residential customers, bill impacts will depend on how much electricity customers use each month. The average residential customer will see an increase of about \$5.40 per month in 2020 and an additional \$5.40 per month in 2021.



SMUD programs can help

We offer rebates and other programs and services to help manage your energy use and your bill.

Learn more at smud.org.

Public workshops and hearings

Members of the public can ask questions and provide feedback about the Rate Proposal at the following meetings to be held at the SMUD Customer Service Center, Rubicon Room 6301 S Street, Sacramento.

Public workshops

Tuesday, April 23 | 10 a.m.
Thursday, May 9 | 6 p.m.

Public hearing

Tuesday, June 4 | 6 p.m.



Grid Access Charge

How grid access works

When a customer generates their own power, the excess electricity is fed into SMUD's grid when the system is producing more power than the customer needs. When a customer's system isn't producing enough electricity to meet their needs, they receive power from SMUD. This means the grid needs to be able to manage a frequent flow of power in both directions — from the grid and to the grid — as shown in the illustration on the right.

When a customer's system generates more electricity than they use over a course of a month, the customer receives a credit on their bill based on the amount of electricity they sold back to the grid. The credit is at full retail rates, the same as SMUD charges customers. If a customer's system produces less electricity than they use in a given month, they need to buy electricity from SMUD to make up for the difference.

Proposed charge for customers who generate their own power

The proposal includes a new monthly charge for customers with an application for on-site generation, such as solar, submitted to SMUD after July 1, 2019.

The Grid Access Charge will be implemented as early as Jan. 1, 2020 and no later than May 31, 2020 and will be based on the size of the customer's system.

For residential customers, the charge will be \$8 per kW per month. The typical residential system is 4 kW.

The proposal recognizes the investment customers have made in renewable energy and includes grandfathering provisions for customers who made on-site renewable generation decisions before this proposal.

- For customers with systems connected to SMUD's grid before 2018, the Grid Access Charge won't apply until 20 years from the original billing period after installation.
- For customers who were connected to SMUD's grid in 2018 or submitted complete applications to SMUD by July 1, 2019, the charge won't apply until 10 years from the original billing period after installation.
- The grandfathering provisions don't apply to customers who move or transfer service. For example, a customer moving into a location with existing on-site generation will pay the new Grid Access Charge.
- The proposal continues to pay for excess generation at full retail rates based on the time of day.

The proposal also recommends a discount for customers with rooftop solar or other on-site generation who are also on our low-income rate, the Energy Assistance Program Rate (EAPR).

EAPR customers will get a discount on the per kW charge based on their Federal Poverty Level.

Federal Poverty Level	Percentage Discount
0 – 50%	100%
> 50 to 100%	100%
> 100 to 150%	50%
> 150 to 200%	50%

Why the change is needed

As a result of the "back-and-forth" between a customer's system and the grid, customers who generate their own electricity use the grid more frequently and in different ways than other customers.

Many of SMUD's costs to serve customers are fixed, such as grid maintenance, wildfire mitigation and other costs, regardless of the amount of energy used. A large portion of these costs are collected through energy use charges. Customers with solar or other on-site generation do not pay for as much energy use since they are generating

some of their own power. This means that they're not paying their fair share and are being subsidized by all other customers. The subsidy is \$30 million per year and growing. This new charge will help ensure all customers are paying their fair share of the fixed costs.

How this change will impact customer bills

The proposed charge is based on the size of the on-site generation system. The following table shows the proposed monthly per kW charge each year through 2025. The typical residential system is 4 kW.

Year	Monthly Charge 2020	Monthly Charge 2021	Monthly Charge 2022	Monthly Charge 2023	Monthly Charge 2024	Monthly Charge 2025
Charge per kW	\$8	\$8	\$9	\$10	\$10	\$11

How grid access works

