

# Exhibit to Agenda Item #3

Discuss the monitoring report for **Strategic Direction SD-11, Public Power Business Model.**

Board Policy Committee and Special SMUD Board of Directors Meeting  
Wednesday, December 10, 2025 scheduled to begin at 6:00 p.m.  
SMUD Headquarters Building, Auditorium

# Public power business model



## Core value

**SD-11 guides legislative and regulatory advocacy**



**In compliance with SD-11**

# Public power business model – SD-11



Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance.



Community-owned utilities are primarily accountable to their customers, not stockholders. Community citizens have a direct voice in public power decisions.



Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

# State legislative issues



## Sponsored legislation

- **AB 881** establishes state regulations for the safe transportation of carbon dioxide by pipeline.
- Legislation is critical for the advancement of carbon capture and sequestration (CCS) technology as well as the CCS project with Calpine at Sutter Energy Center.
- Companion bill in the Senate, **SB 614** passed and was signed by the Governor.



*Rendering of Calpine's proposed Sutter Energy Center project.*

# State legislative issues



**AB 1207** – Extends the Cap-and-Trade (now Cap-and-Invest) program until 2045.

**Status: Signed by Governor.**



**SB 541** – would have required the California Energy Commission (CEC) to set load-shifting targets for each utility and standardize effectiveness metrics for demand reduction activities.

**Status: Vetoed by Governor.**

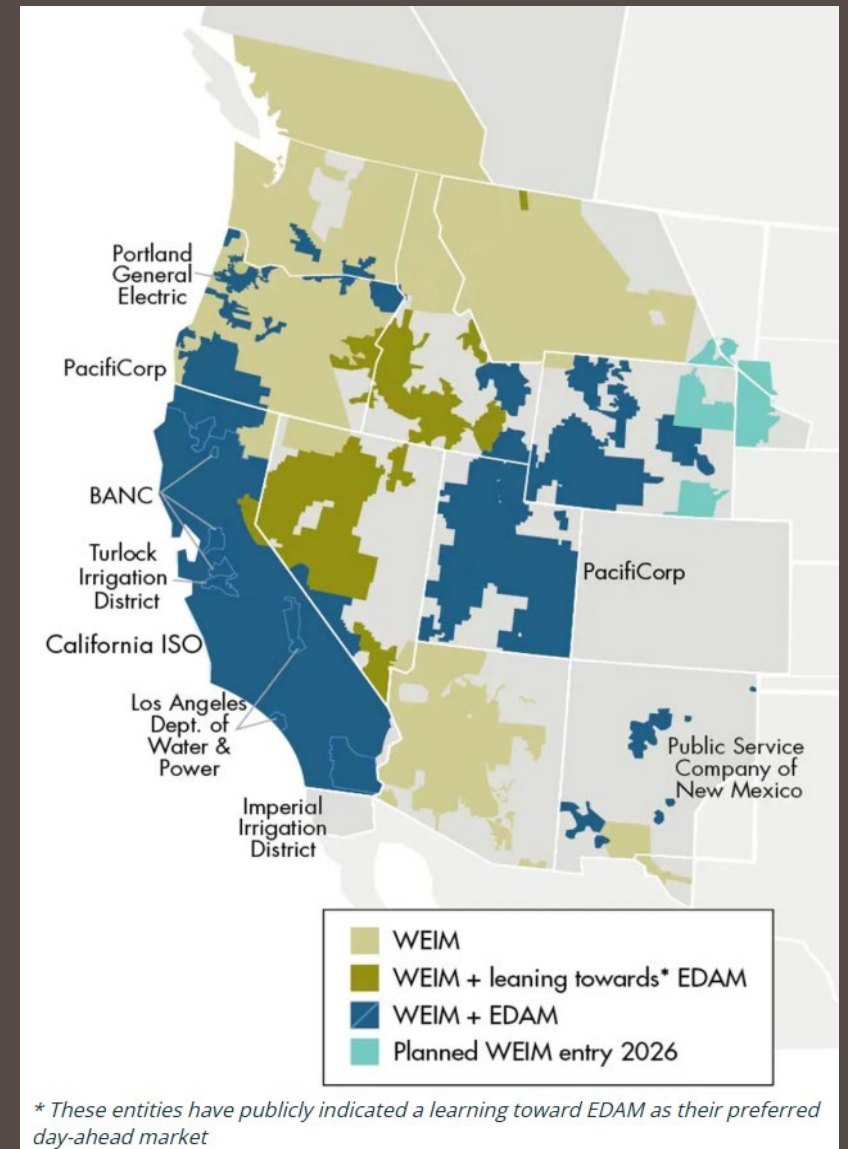


# State legislative issues

## Western Energy Markets: AB 825

West-Wide Governance Pathways Initiative has developed a governance proposal with 3 steps:

- 1 Energy Imbalance Market (EIM)/Extended Day-Ahead Market (EDAM) Governing Body approved.  
Creation of a new “regional organization.”
- 2 This required legislation in California.  
**After a long and arduous political process, AB 825 passed, clearing this hurdle.**
- 3 Longer-term expansion of regionalized functions.



# State regulatory issues



**Load Management Standards (LMS)** – Requires large California utilities to develop marginal cost-based rates that change at least hourly for each customer class to reduce peak load.

**Status:** California Energy Commission (CEC) unanimously approved SMUD’s LMS compliance plan.



**Advanced Clean Fleets** – Requires at least 50% public fleets’ truck purchases to be zero-emission starting in 2024 and 100% starting in 2027.

**Status:** California Air Resources Board (CARB) is developing 15-day changes for public comment in late 2025 or early 2026.



**Draft Utility Wildfire General Order** – Requires Utilities performing “project activities” within specific distances from “waters of the state” to comply with the Utility General Order requirements.

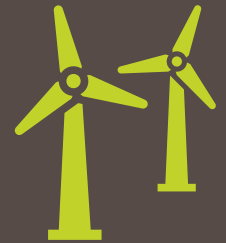
**Status:** State Water Resources Control Board revisions anticipated in early 2026.

# Federal issues



## Recoupment of Department of Energy (DOE) Funding

- In October, DOE terminated SMUD's \$50 million Grid Resilience and Innovation Partnerships (GRIP) grant.
- SMUD is working to recover eligible grant reimbursements (approximately \$32.9 million) and restore the grant.



## Implementing One Big Beautiful Bill Act (OB3) Energy Tax Credits Provisions

- New federal guidance eliminates the existing 5% safe harbor for wind and solar projects that begin construction after September 2, 2025.
- Awaiting guidance on new foreign entities of concern restrictions on supply chains and infrastructure material imposed in OB3.
- Awaiting final guidance on post-2025 domestic content requirements.

# Q&A