RESOLUTION NO. 25-06-16

WHEREAS, on March 20, 2025, the Chief Executive Officer and General Manager released the "Chief Executive Officer and General Manager's Report and Recommendation on Open Access Transmission Tariff, *Volume 1*" (the "OATT Report"), which Report is incorporated by reference herein and made a part hereof; and

WHEREAS, by Resolution 25-03-03, adopted March 20, 2025, a public hearing on the OATT Report was scheduled for June 4, 2025, at 6:00 p.m.; and

WHEREAS, notices of the hearing were duly published in the *Sacramento Bee* on March 27, April 2 and April 8, 2025; and

WHEREAS, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on April 30, 2025, and May 13, 2025, to receive and respond to customer comments and questions; and

WHEREAS, SMUD held two qualifying public workshops, contacted over 1,500 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 271,000 customers and organizations, conducted over 40 individual presentations to community neighborhood and business organizations, over 1,100 community and business partners were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 53 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and

WHEREAS, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on www.smud.org/RateInfo, which received approximately 1,570-page views; and

WHEREAS, the public hearing was held on June 4, 2025, and was conducted in a hybrid format; on Zoom.gov and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

WHEREAS, pursuant to SMUD Ordinance No. 15-1, this resolution was duly introduced on June 4, 2025 by this Board of Directors to be circulated for a minimum of ten calendar days for public review, input and comment; and

WHEREAS, revisions to the yearly, monthly, weekly, daily, and hourly rates contained in the existing OATT are necessary to accurately reflect SMUD's cost of service, including:

- Schedule 1 (Scheduling, System Control and Dispatch Service); and
- Schedule 2 (Reactive Supply and Voltage Control from Generation or Other Sources Services); and
- Schedule 3 (Regulation and Frequency Response Service); and
- Schedule 5 (Operating Reserve – Spinning Reserve Service); and
- Schedule 6 (Operating Reserve – Supplemental Reserve Service); and
- Schedule 7 (Firm Point-to-Point Transmission Service); and
- Schedule 8 (Non-Firm Point-to-Point Transmission Service); and
- Schedule 10 (Generator Regulation and Frequency Response Service); and

WHEREAS, the recommendation to increase SMUD's OATT rates is based on cost of service principles and reflect SMUD's cost increases to provide transmission service uniformly to all transmission customers; and

WHEREAS, SMUD's OATT rates are for the use of SMUD property (e.g. transmission assets) and therefore the rates comply with Proposition 26 even without showing that such rate increases are limited to SMUD's costs; and

WHEREAS, this Board of Directors has carefully considered the OATT Report, and public comment and input from community meetings, public rate workshops, and noticed public hearings; and

WHEREAS, this Board of Directors finds that replacing the existing OATT schedules with the proposed revised OATT schedules is reasonable, in the best interests of the public and SMUD's customers, and provides a net benefit to SMUD; **NOW, THEREFORE,**

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

Section 1. Effective July 1, 2025 SMUD's existing OATT rate tariffs shall be revised and superseded by the proposed OATT rate tariffs shown below and attached as Attachment ___.

- Schedule 1: (Scheduling, System Control and Dispatch Service) $364.64/MW of Reserved Capacity per month;
- Schedule 2 (Reactive Supply and Voltage Control from Generation or Other Sources Services) $87.15/MW of Reserved Capacity per month
- Schedule 3 (Regulation and Frequency Response Service) $359.33/MW of Reserved Capacity per month;

- Schedule 5 (Operating Reserve – Spinning Reserve Service) $8,647.36/MW of Reserved Capacity per month;
- Schedule 6 (Operating Reserve – Supplemental Reserve Service) $8,914.52/MW of Reserved Capacity per month;
- Schedule 7 (Firm Point-to-Point Transmission Service) System Rate: $3,219.95/MW of Reserved Capacity per month, COTP Rate: $2,759.78/MW of Reserved Capacity per month;
- Schedule 8 (Non-Firm Point-to-Point Transmission Service) System Rate: $1,725.10/MW of Reserved Capacity per month, COTP Rate: $3,604.19/MW of Reserved Capacity per month.
- Schedule 10 (Generator Regulation and Frequency Response Service) $359.33/MW of Reserved Capacity per month;

The yearly, weekly, daily, and hourly rates on each schedule shall be adjusted accordingly based on the time period in relation to the monthly rate.

Section 2. Environmental Assessment

1.0 Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

(A) meeting operating expenses, including employee wage rates and fringe benefits;

(B) purchasing or leasing supplies, equipment, or materials;

(C) meeting financial reserve needs and requirements;

(D) obtaining funds for capital projects necessary to maintain service within existing service areas; or

(E) obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

This Board of Directors finds and declares that the proposed action reflects the reasonable costs to SMUD of providing transmission service under the OATT and that no amount of revenue obtained from this rate increase will be used for any other purpose. Therefore, the proposed action to approve a revised OATT with an effective implementation date of July 1, 2025 is for the purposes set forth in Sections 21080(b)(8)(A) through (D) of the California Public Resource Code. Therefore, this rate action is exempt from the requirements of CEQA. This finding is based upon information contained in the OATT Report.

Section 3. The CEO and GM, or his or her designee, is authorized to make non-substantive revisions to the OATT schedules.

Section 4. The new and revised OATT rate tariffs referenced in this Resolution are attached and incorporated herein as **Attachment G.**

Section 5. To the extent there is a discrepancy between this Resolution and the new and revised OATT rate tariffs attached hereto, the new and revised rate tariffs shall control.

Approved: June 19, 2025

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

Schedule 1: Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Balancing Authority Area. This service can be provided only by the operator of the Balancing Authority Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Balancing Authority Area operator) or indirectly by the Transmission Provider making arrangements with the Balancing Authority Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Balancing Authority Area operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 1 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

1) Yearly delivery: $4,375.73/MW of Reserved Capacity per year.

2) Monthly delivery: $364.64/MW of Reserved Capacity per month.

3) Weekly delivery: $84.15/MW of Reserved Capacity per week.

4) Daily delivery: $16.83/MW of Reserved Capacity per day.

5) Hourly delivery: $1.0519/MW of Reserved Capacity per hour.

Schedule 2: Reactive Supply and Voltage Control From Generation or Other Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Balancing Authority Area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Balancing Authority Area operator) or indirectly by the Transmission Provider making arrangements with the Balancing Authority Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Balancing Authority Area operator. The charges for such service will be based on the rates set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Balancing Authority Area operator.

Application of the Schedule 2 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Reactive Supply and Voltage Control from Generation Sources Service for Network Integration Service Customers under Part III of the Tariff:

$132.69/MW per month times the Transmission Customer's monthly coincident peak demand.

Reactive Supply and Voltage Control from Generation Sources Service for Point-to-Point Transmission Customers under Part II of the Tariff:

1) Yearly delivery: $1,045.78/MW of Reserved Capacity per year.

2) Monthly delivery: $87.15/MW of Reserved Capacity per month.

3) Weekly delivery: $20.11/MW of Reserved Capacity per week.

4) Daily delivery: $4.02/MW of Reserved Capacity per day.

5) Hourly delivery: $0.2514/MW of Reserved Capacity per hour.

The total charge for Reactive Supply and Voltage Control from Generation Sources Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Reactive Supply and Voltage Control from Generation Sources Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

However, such rates shall not include any charges associated with the compensation to a generating facility for the supply of reactive power within the power factor range specified in its interconnection agreement.

Schedule 3: Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Balancing Authority Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer Balancing Authority Area must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 3 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Regulation and Frequency Response Service for Network Integration Service Transmission Customers under Part III of the Tariff:

$547.11/MW per month times the Transmission Customer's monthly coincident peak demand. However, if the Transmission Customer's average of the highest daily difference between the Transmission Customer's instantaneous demand in an hour and its schedule in that hour exceeds 4.5% or is less than 3.5% in any month, the Transmission Customer will be assessed a charge based on the rate above times the ratio of the actual percentage to 4.0%.

Regulation and Frequency Response Service for Point-to-Point Transmission Customers under Part II of the Tariff:

1) Yearly delivery: $4,311.97/MW of Reserved Capacity per year.

2) Monthly delivery: $359.33/MW of Reserved Capacity per month.

3) Weekly delivery: $82.92/MW of Reserved Capacity per week.

4) Daily delivery: $16.58/MW of Reserved Capacity per day.

5) Hourly delivery: $1.0365/MW of Reserved Capacity per hour.

The total charge for Regulation and Frequency Response Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Regulation and Frequency Response Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

Schedule 5: Operating Reserve – Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service to the extent that such non-generation resources meet applicable NERC standards or criteria for such services. The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 5 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Operating Reserve - Spinning Reserve Service for Network Integration Transmission Customers under Part III of the Tariff:

Demand Charge: $8,647.36/MW/Month times the Transmission Customer's Load Ratio Share of the Transmission Provider's spinning reserve requirement.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Operating Reserve - Spinning Reserve Service for Point-to-Point Transmission Customers under Part II of the Tariff:

Demand Charge: The charge below times the Transmission Provider's spinning reserve requirement multiplied by the ratio of the Transmission Customer's Reserved Capacity divided by the Transmission Provider's annual peak.

1) Yearly delivery: $103,768.34/MW per year.

2) Monthly delivery: $8,647.36/MW per month.

3) Weekly delivery: $1,995.55/MW per week.

4) Daily delivery: $399.11/MW per day.

5) Hourly delivery: $24.9443/MW per hour.

The total charge for Operating Reserve - Spinning Reserve Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Operating Reserve - Spinning Reserve Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Schedule 6: Operating Reserve – Supplemental Reserve Service

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below. To the extent the Balancing Authority Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority Area operator.

Application of the Schedule 6 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Operating Reserve - Supplemental Reserve Service for Network Integration Transmission Customers under Part III of the Tariff:

Demand Charge: $8,914.52/MW/Month times the Transmission Customer's Load Ratio Share of the Transmission Provider's supplemental reserve requirement.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Operating Reserve - Supplemental Reserve Service for Point-to-Point Transmission Customers under Part II of the Tariff:

Demand Charge: The charge below times the Transmission Provider's supplemental reserve requirement multiplied by the ratio of the Transmission Customer's Reserved Capacity divided by the Transmission Provider's annual peak.

1) Yearly delivery: $106,974.22/MW per year.

2) Monthly delivery: $8,914.52/MW per month.

3) Weekly delivery: $2,057.20/MW per week.

4) Daily delivery: $411.44/MW per day.

5) Hourly delivery: $25.7150/MW per hour.

The total charge for Operating Reserve - Supplemental Reserve Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Operating Reserve - Supplemental Reserve Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

Energy Charge: 110% of the Transmission Provider's system incremental cost (SIC) provided, that to the extent purchased energy forms the basis for the SIC, the rate for the purchased energy portion of the service shall equal the SIC. Energy is only available in emergencies and for up to 30 minutes.

Schedule 7: Firm Point-to-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Firm Point-to-Point Reserved Capacity at the sum of the applicable charges set forth below. The charge herein shall be that agreed upon by the Parties at the time service is reserved.

1. Yearly delivery:

System Rate: $38,639.36/MW per year.

COTP Rate: $33,117.35/MW per year.

2. Monthly delivery:

System Rate: $3,219.95/MW per month.

COTP Rate: $2,759.78/MW per month.

3. Weekly delivery:

System Rate: $743.06/MW per week.

COTP Rate: $636.87/MW per week.

4. Daily delivery:

System Rate: $148.61/MW per day.

COTP Rate: $127.37/MW per day.

5. Hourly delivery:

System Rate: $9.2883/MW per hour.

COTP Rate: $7.9609/MW per hour.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

6. Discounts:

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery

on the Transmission System.

7. Resales:

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

Schedule 8: Non-Firm Point-to-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Non-Firm Point-to-Point Reserved Capacity at the sum of the applicable charges set forth below. The charge herein shall be that agreed upon by the Parties at the time service is reserved.

1. Yearly delivery:

System Rate: $20,701.25/MW per year.

COTP Rate: $43,250.27/MW per year.

2. Monthly delivery:

System Rate: $1,725.10/MW per month.

COTP Rate: $3,604.19/MW per month.

3. Weekly delivery:

System Rate: $398.10/MW per week.

COTP Rate: $831.74/MW per week.

4. Daily delivery:

System Rate: $79.62/MW per day.

COTP Rate: $166.35/MW per day.

5. Hourly delivery:

System Rate: $7.1745/MW per hour.

COTP Rate: $10.3967/MW per hour.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.

6. Discounts:

Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery

on the Transmission System.

7. Resales:

The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

Schedule 10: Generator Regulation and Frequency Response Service

Generator Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Generator Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and/or by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in generation output. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider). The Transmission Provider (or the Balancing Authority that performs this function for the Transmission Provider) must offer this service when Transmission Service is used to deliver energy from a generator physically or electrically located within its Balancing Authority Area. The Transmission Customer or generator must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources or processes capable of providing this service, to satisfy its Generator Regulation and Frequency Response Service obligation. The amount of and charges for Generator Regulation and Frequency Response Service are set forth below. To the extent the Balancing Authority performs this service for the Transmission Provider, charges to the Transmission Customer or generator are to reflect only a pass-through of the costs charged to the Transmission Provider by that Balancing Authority.

Application of the Schedule 10 Ancillary Service described above will be determined on a case-specific basis as further provided in SMUD's OATT Business Practices document posted on its publicly accessible OASIS website.

The Transmission Customer shall compensate the Transmission Provider each month up to the sum of the applicable charges set forth below:

Regulation and Frequency Response Service for Network Integration Service Transmission Customers under Part III of the Tariff:

$547.11/MW per month times the Transmission Customer's monthly coincident peak demand. However, if the Transmission Customer's average of the highest daily difference between the Transmission Customer's instantaneous demand in an hour and its schedule in that hour exceeds 4.5% or is less than 3.5% in any month, the Transmission Customer will be assessed a charge based on the rate above times the ratio of the actual percentage to 4.0%.

Regulation and Frequency Response Service for Point-to-Point Transmission Customers under Part II of the Tariff:

1) Yearly delivery: $4,311.97/MW of Reserved Capacity per year.

2) Monthly delivery: $359.33/MW of Reserved Capacity per month.

3) Weekly delivery: $82.92/MW of Reserved Capacity per week.

4) Daily delivery: $16.58/MW of Reserved Capacity per day.

5) Hourly delivery: $1.0365/MW of Reserved Capacity per hour

The total charge for Regulation and Frequency Response Service in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (4) above times the highest amount in Megawatts of Reserved Capacity in any hour during such day. In addition, the total charge for Regulation and Frequency Response Service in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in Megawatts of Reserved Capacity in any hour or day during such week.