

Exhibit to Agenda Item #4

Board Monitoring: Board-Staff Linkage BL-12, Delegation to the CEO with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes; Board-Staff Linkage BL-13, Delegation to the CEO with Respect to Grants; and Board-Staff Linkage BL-14, Delegation to the CEO with Respect to Products, Services and Programs.

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, September 11, 2024, scheduled to begin at 6:00 p.m.
SMUD Headquarters Building, Auditorium

BL-12, Delegation to the CEO with Respect to Transmission and Wholesale Energy, Fuel, and Environmental Attributes

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, electric capacity and storage, natural gas and clean and emissions-free fuel, and environmental attributes; (ii) contracts for transmission, fuel transportation and fuel storage; and (iii) contracts to financially hedge or mitigate pricing, supply and market risks associated with the transactions above.

Comment: Are we comfortable with the term “environmental attributes”?

BL-12, Delegation to the CEO with Respect to Transmission and Wholesale Energy, Fuel, and Environmental Attributes

Compliance Scores:

High 6

Med

Low

Delegation of Authority: The Chief Executive Officer and General Manager (CEO) is delegated decision making authority consistent with the Energy Risk Management and Energy Trading Standards adopted by this Board.

Compliance Scores:

High 6

Med

Low

BL-13, Delegation to the CEO with Respect to Grants

SMUD's participation in state and federal grants as a prime-recipient or sub-recipient provides a unique opportunity for SMUD to leverage state and federal funds to advance SMUD's policies, conduct research and development projects, and provide benefits to the Sacramento community. SMUD's grant participation shall further SMUD's strategic directives, provide benefits to SMUD's customers and the community, and shall be consistent with the following principles.

BL-13, Delegation to the CEO with Respect to Grants (cont.)

- a) **Competitive Advantage:** Because grants are typically competitively awarded, SMUD will select its grant partners or participate on a grant team where the partners provide a competitive advantage in the grant selection process. Time permitting and where practical, SMUD will select qualified grant partners through a formal or informal request for qualifications.

- b) **Viable Grant Partners:** SMUD shall only contract with reputable and financially viable grant partners.

BL-13, Delegation to the CEO with Respect to Grants (cont.)

Compliance Scores:

High 6

Med

Low

c) Local Grant Partners: All other things being equal, in selecting grant partners SMUD will generally prefer governmental entities, not-for profit organizations, and businesses located in the Sacramento region.

BL-13, Delegation to the CEO with Respect to Grants (cont.)

Comment: Should we add language about the four-agency partnership here?

Compliance Scores:

High 6

Med

Low

BL-13, Delegation to the CEO with Respect to Grants (cont.)

d) Delegation of Authority to the CEO: The Chief Executive Officer and General Manager (CEO) is delegated authority to select and enter into contracts with grant partners and file grant applications where SMUD's commitment of financial and in-kind resources is consistent with delegations under other Board-Staff Linkage policies, or is otherwise brought to the Board for approval as a budgeted project.

e) Reporting: The CEO shall provide advance notice to the Board of grant commitments that create material financial, reputational, or operational risk.

BL-13, Delegation to the CEO with Respect to Grants (cont.)

Compliance Scores:

High 6

Med

Low

BL-14, Delegation to the CEO with Respect to Products, Services and Programs

SMUD develops and provides innovative products, services and programs to benefit our customers, community and operations. These products, services and programs provide options to our customers, improve our operations, and further the purpose of Strategic Direction SD-19, Diversified Business.

a) Delegation of Authority: The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority for the development and delivery of products, services and programs for SMUD customers.

BL-14, Delegation to the CEO with Respect to Products, Services and Programs (cont.)

In addition, the CEO is authorized to enter into strategic partnerships related to the development and delivery of innovative technologies, new business models, programs or services within and outside of the SMUD service area consistent with Strategic Direction SD-19.

The CEO shall seek prior Board approval for strategic partnerships that create a material financial, reputational, or operational risk.

BL-14, Delegation to the CEO with Respect to Products, Services and Programs (cont.)

b) Reporting: The CEO shall provide advance notice to the Board prior to entering into new strategic partnerships.

Compliance Scores:

High 6

Med

Low