Board of Directors Meeting Agenda

Date:	August 20, 2026
Time:	6:00 p.m.
Location:	SMUD Headquarters Building, Auditorium 6201 S Street, Sacramento, California

Powering forward. Together.

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AGENDA

SACRAMENTO MUNICIPAL UTILITY DISTRICT
BOARD OF DIRECTORS MEETING
SMUD HEADQUARTERS BUILDING
AUDITORIUM – 6201 S STREET
SACRAMENTO, CALIFORNIA

August 20, 2026 – 6:00 p.m.

Virtual Viewing or Attendance:
Live video streams (view-only) and indexed archives of meetings are available at:
https://www.smud.org/Corporate/About-us/Company-Information/Board-Meetings/Watch-or-Listen-online

Zoom Webinar Link: **Join SMUD Board of Directors Meeting Here**
Webinar/Meeting ID: 165 347 3139
Passcode: 293284
Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Verbal Public Comment:
Members of the public may provide verbal public comment by:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing *9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

Written Public Comment:
Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to PublicComment@smud.org or by mailing or bringing physical copies to the meeting. Email is not monitored during the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

Call to Order.
a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

a. Committee Chair report of August 11, 2026, Strategic Development Committee
b. Committee Chair report of August 12, 2026, Policy Committee
c. Committee Chair report of August 18, 2026, Finance & Audit Committee
d. Committee Chair report of August 19, 2026, Energy Resources & Customer Services Committee

Items 5 and 6 were reviewed by the August 12, 2026, Policy Committee. Items 7 through 9 were reviewed by the August 18, 2026, Finance and Audit Committee. Items 10 through 12 were reviewed by the August 19, 2026, Energy Resources & Customer Services Committee.

Comments from the public are welcome when these agenda items are called.

Consent Calendar:

3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 26-04-08) for the period of July 16, 2026, through August 15, 2026.

4. Approval of the minutes of the meeting of July 16, 2026.

5. Accept the monitoring report for **Strategic Direction SD-13, Economic Development**. **Policy Committee 8/12. (Jose Bodipo-Memba)**

6. Accept the monitoring report for **Strategic Direction SD-14, System Enhancement**. **Policy Committee 8/12. (Frankie McDermott)**

7. Ratify the Chief Executive Officer and General Manager's execution of an emergency direct procurement contract between SMUD and **W. A. Chester America, LLC**, in the amount of up to $2.5 million for fault line and transition joint repair work for the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault.

8. Authorize the Chief Executive Officer and General Manager to negotiate and award contracts to **Sierra National Construction, Inc.** and **Doug Veerkamp General Engineering, Inc.** (collectively, the **Contracts**) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not-to-exceed amount of $250 million across the **Contracts**. **Finance and Audit Committee 8/18. (Frankie McDermott)**

9. Authorize the Chief Executive Officer and General Manager to negotiate and execute a 20-year solar photovoltaic (PV) **Power Purchase Agreement (PPA)** between SMUD and **Forefront Power, LLC**, for a nominal 728.75 kW_{DC} solar parking canopy located at **Grant Union High School** in connection with the **Grant Union High School Solar+Battery Microgrid Project**, with a scheduled commercial operation date of November 4, 2027, and a pre-payment of $1 million and a price of $0.1547/kWh, substantially in the form attached. **Finance and Audit Committee 8/18. (Joel Ledesma)**

10. Accept the monitoring report for **Strategic Direction SD-5, Customer Relations**. **Energy Resources & Customer Services Committee 8/19. (Brandy Bolden)**

11. Accept the monitoring report for **Strategic Direction SD-15, Outreach and Communication**. **Energy Resources & Customer Services Committee 8/19. (Cara Chatfield)**

12. Authorize the Chief Executive Officer and General Manager to negotiate and execute **Amendment No. 1** to the **Transmission Agency of Northern California Project Agreement No. 3**, substantially in the form attached. **Energy Resources & Customer Services Committee 8/19. (Laura Lewis)**

* * * * * *

Public Comment:

13. Items not on the agenda.

Board and CEO Reports:

14. Directors' Reports.

15. President's Report.

16. CEO's Report.
    a. Board Video

Summary of Board Direction

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Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

August 18, 2026	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium*	6:00 p.m.
August 19, 2026	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
September 8, 2026	Strategic Development Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
September 9, 2026	Policy Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
September 15, 2026	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
September 16, 2026	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.

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<u>Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento</u>

September 17, 2026	Auditorium*	6:00 p.m.

***The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.**

Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.

Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the smud.org website or may call 1-916-732-6155 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Nicole.Looney@smud.org, or contact by phone at 1-916-732-6055, no later than 48 hours before this meeting.

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DRAFT

RESOLUTION NO. ____________

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 26-04-08) for the period of July 16, 2026, through August 15, 2026.

DRAFT

Sacramento, California

July 16, 2026

The Board of Directors of the Sacramento Municipal Utility District met in regular session simultaneously in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, and via virtual meeting (online) at 6:01 p.m.

Roll Call:

Presiding:	President Tamayo
Present:	Directors Rose, Bui-Thompson, Fishman, Herber, Kerth, and Sanborn

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, other members of SMUD's executive management; and SMUD employees and visitors.

Director Fishman shared the 2030 Climate Action Tip.

President Tamayo called for approval of the agenda. Director Herber moved for approval of the agenda, Vice President Kerth seconded, and the agenda was unanimously approved.

President Tamayo announced that a portion of the President's Report would be given now as the Board would like to present Mr. Lau with a commendation resolution in recognition of his retirement. President Tamayo introduced the following speakers and attendees wishing Mr. Orchard farewell on his retirement and commending him on his many accomplishments and dedication during his tenure at SMUD:

Senator Angelique Ashby	California State Senator, 8th District Presented legislative resolution honoring Mr. Lau.
Matthew Ceccato, Chief of Staff	Representing Congressman Ami Bera, M.D., U.S. Representative, 6th District of California Presented congressional resolution honoring Mr. Lau.

President Tamayo read portions of the draft commendation resolution highlighting Mr. Lau's many accomplishments and then called for a vote regarding the commendation resolution. Director Sanborn moved for approval of the resolution, Director Bui-Thompson seconded, and Resolution No. 26-07-01 was unanimously approved.

RESOLUTION NO. 26-07-01

WHEREAS, Paul Lau joined SMUD in 1982 as an intern and was serving as the chief grid strategy and operations officer when the SMUD Board selected him to serve as Chief Executive Officer (CEO) and General Manager effective October 3, 2020, in which capacity he has served with dedication for almost six years; and

WHEREAS, under Paul Lau's innovative leadership and direction, SMUD committed to the 2030 Zero Carbon Plan, the most ambitious carbon reduction plan of any large utility in the country, with a goal of zero carbon emissions in SMUD's power supply by 2030; and

WHEREAS, with Paul Lau's innovation and dedication, SMUD has made significant progress toward this goal, with 1,430 MW of zero-carbon energy secured since 2021, compared to the 1,000 MW SMUD brought online from 2000 to 2020; and

WHEREAS, he continued to solidify SMUD's reputation as a customer- and community-focused utility and source of pride for the Sacramento region, all while continuing to meet the challenges of the Zero Carbon Plan and the shifting economic, business and regulatory environment; investing millions of dollars into community development, neighborhood improvement, workforce and economic development; and

WHEREAS, under his tenure, SMUD's rates have consistently been among the lowest in California, and, on average, more than 50% lower than its neighboring investor-owned utility, keeping about $1.8 billion in customers' pockets each year; and

WHEREAS, on Paul Lau's watch, SMUD boosted grid reliability and resiliency through strategic investments, while leading the list of California utilities for customer satisfaction; and

WHEREAS, Paul Lau's focus on creating partnerships with business, government and academic leaders delivered billions in economic impact to the region through investment, grants and business attraction, and spurred the creation of thousands of jobs; and

WHEREAS, SMUD's focus on operational excellence under Paul Lau's leadership helped save $235 million and an additional $225 million through commodity savings and bond refinancing; plus, more than $40 million in grant funding in 2025; and

WHEREAS, under Paul Lau's guidance, SMUD became the first publicly owned utility to join California's Energy Imbalance Market, giving SMUD early access to the changing regional energy market and saving more than $350 million; and

WHEREAS, during Paul Lau's tenure, the SMUD Board approved a transformational new rate for solar and energy storage that is helping transition the market from solar-only to solar-and-storage, which delivers wide environmental and reliability benefits to all customers while accelerating carbon reduction; and

WHEREAS, under his leadership, in partnership with our local International Brotherhood of Electrical Workers union, SMUD created a first-of-its-kind Lineworkers Scholarship Program to ensure everyone has an opportunity to participate in a clean energy future; and

WHEREAS, with Paul Lau's guidance, SMUD's SEED program (Supplier Education & Economic Development) now supports 906 small business vendors and awarded $97.8 million in SMUD contracts to local small businesses in 2025; and

WHEREAS, reflective of his commitment to provide an exceptional experience for SMUD employees, 91% of employees participated in the latest employee engagement survey, resulting in the highest ever engagement score of 87%; and

WHEREAS, due to his innovative leadership and relentless advocacy for SMUD's 2030 Zero Carbon Plan, Paul Lau was repeatedly recognized nationally, regionally and locally for his leadership and decades-long industry and community contributions; and

WHEREAS, Paul Lau was invited to share his environmental vision nationally, testifying in 2021 at the House Select Committee on the Climate Crisis; and

WHEREAS, Paul Lau is nationally recognized as a visionary utility executive with deep expertise in emerging energy technologies, having served in leadership positions as the Board Chair of the Smart Electric Power Alliance, Commissioner of the Balancing Authority of Northern California and tenure on the boards of the Large Public Power Council, American Public Power Association, California Municipal Utilities Association, Business Council for Sustainable Energy and Electric Power Research Institute; and

WHEREAS, Paul Lau's commitment to the Sacramento community and State of California extends far beyond his activities as Chief Executive Officer and General Manager as demonstrated by his service as a Board member on the boards of several Sacramento-area community organizations, including the Greater Sacramento Economic Council and Valley Vision; he also serves as Director-at-Large and is Past Chair of the Sacramento Asian Pacific Chamber of Commerce; and

WHEREAS, this Board, SMUD, its employees, customers and the Sacramento community have greatly benefited from Paul Lau's visionary leadership and outstanding public service; **NOW, THEREFORE,**

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

This Board commends Paul Lau for his outstanding and dedicated service to the Board, to SMUD and to the Sacramento region during his tenure as CEO and General Manager, and the Board wishes him the very best in future endeavors.

Approved: July 16, 2026

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

President Tamayo then called for public comment for items on the agenda, but none was forthcoming.

President Tamayo then addressed the Consent Calendar consisting of Items 2 through 4. Director Fishman moved for approval of the Consent Calendar, Vice President Kerth seconded, and Resolution Nos. 26-07-02 through 26-07-03 were unanimously approved.

RESOLUTION NO. 26-07-02

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 25-04-02) for the period of June 16, 2026, through June 30, 2026.

Approved: July 16, 2026

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

RESOLUTION NO. 26-07-03

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution No. 26-04-08) for the period of July 1, 2026, through July 15, 2026.

Approved: July 16, 2026

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

President Tamayo then turned to Discussion Calendar Item 5, to approve the Employment Agreement between SMUD and Lora Anguay, CEO and General Manager.

No public comment was forthcoming for Discussion Calendar Item 5.

After some discussion, Director Herber moved for approval of Discussion Calendar Item 5, Vice President Fishman seconded, and Resolution No. 26-07-04 was unanimously approved.

RESOLUTION NO. 26-07-04

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

Section 1. Approve the Employment Agreement between Sacramento Municipal Utility District (SMUD) and Lora Anguay (**Employment Agreement**) substantially in the form of **Attachment A**.

Approved: July 16, 2026

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

EMPLOYMENT AGREEMENT
BETWEEN
THE SACRAMENTO MUNICIPAL UTILITY DISTRICT
AND THE GENERAL MANAGER

This Employment Agreement (the "Agreement") between Lora Anguay and Sacramento Municipal Utility District ("SMUD"), is made in Sacramento, California, and effective on the 2nd day of August, 2026.

TERMS AND CONDITIONS

1. Appointment. SMUD hereby appoints Lora Anguay as the General Manager and Chief Executive Officer (hereinafter "General Manager") of SMUD and Lora Anguay agrees to accept such appointment upon the terms and conditions set forth in this Agreement.

2. Duties, Responsibility, and Control. SMUD and Lora Anguay agree that Lora Anguay shall be the General Manager and Chief Executive Officer of SMUD commencing on August 2nd, 2026.

A. Duties and Responsibility of the Board of Directors. As required by section 11883 of the Municipal Utility District Act, the Board of Directors shall set the general policy of SMUD.

B. Duties and Responsibility of the General Manager. Lora Anguay, as Chief Executive Officer and General Manager, shall be responsible for carrying out the business and activities of SMUD pursuant to the policies adopted by the Board and the purposes of SMUD as set forth in the Municipal Utility District Act. The General Manager shall have full charge and control of the construction of the works of SMUD and of their maintenance and operation, and also of the administration of the business affairs of SMUD including interaction with the utility industry. The General Manager's authority shall extend without limitation to all operations of SMUD.

C. Communications. The operation of SMUD, including interaction with the public and other utilities and government agencies, shall be under the direction of the General Manager pursuant to policies adopted by the Board.

(1) Communications with the Board. The General Manager shall be responsible for regular and timely reporting on the general affairs of SMUD, including the business and activities of SMUD, for keeping the Board advised as to the needs of SMUD, and for presenting policy issues to the Board for decision in a timely manner.

The General Manager shall assure, in cooperation and consultation with the Board, that SMUD is appropriately represented in the community it serves.

(2) *Communications with the Public*. The General Manager shall be responsible for keeping the public informed of SMUD's activities and explaining actions taken pursuant to Board policy; provided, however, that Board members shall have the right to advocate positions other than the official SMUD position and such advocacy shall not constitute a breach of this Employment Agreement.

D. Budgets, Agendas, and Contracts. The General Manager shall have full charge and control over preparing the annual budget for submission to the Board, preparing the agenda for Board meetings consistent with Board policy GP-4 and in cooperation with the Board President, negotiating agreements with other entities, contracting for goods or services to or for SMUD, and the hiring and discharge of the officers specified in section 11931 of the Municipal Utility District Act (except the Attorney and Secretary), which is hereby delegated to the General Manager to the extent permitted by law except that the contracting for good and services and agreements with other entities shall be subject to Board approval if they exceed such amounts as the Board may from time to time decide or as may be required by law.

E. Staff Supervision and Control. All officers and employees of SMUD, excluding the General Counsel and the Special Assistant to the Board of Directors, shall serve under the General Manager's direction and control. Pursuant to this authority and responsibility set out above and in section 11926 of the Municipal Utility District Act, the General Manager shall have full charge and control of hiring and terminating of all employees (except the General Counsel, the Internal Auditor, and the Executive Assistant to the Board of Directors) fixing their compensation, and organizing and reorganizing the staff as appropriate to carry out efficiently the work of SMUD.

(1) *Internal Auditor*. While serving under the direction and control of the General Manager, the Internal Auditor shall have a direct reporting relationship to the Board on auditing matters, and the Board may, at its discretion, participate in their performance evaluation. The General Manager is responsible for the hiring and termination of the Internal Auditor with the concurrence of the Board. As part of the hiring process, the General Manager will recommend two qualified candidates to the Board for its consideration. The General Manager may rank the candidates in order of preference.

(2) *General Counsel and Secretary*. While the ultimate hiring and termination authority remains with the Board, it is the intent of the parties that the Board and the General Manager participate jointly in hiring

and terminating the General Counsel and Secretary. The Board may, at its discretion, participate in the performance evaluation for the General Counsel and Secretary.

(3) *Special Assistant*. The Special Assistant to the Board of Directors shall be appointed by, and shall serve at the pleasure of, the Board. The General Manager shall have input into the Special Assistant's performance evaluation, and the Board may, at its discretion, provide (through the Board President) to the General Manager its recommendations and input regarding the Special Assistant's compensation. The salary of the Special Assistant will be set by the General Manager.

(4) *External Auditors.* It is expressly understood that the designation and appointment of the external independent auditors of SMUD shall be at the sole discretion of the Board and that said auditor(s) shall report to the Board.

F. Breach. In the event of any breach of any provision of this Section 2 by SMUD, SMUD shall immediately cure such breach upon written notice by the General Manager to the Board of Directors. The General Manager's failure to give notice shall not be deemed to waive any such breach or subsequent breach. If SMUD fails or refuses to cure such breach, the General Manager may, in their own discretion, give ten days' notice of their election to terminate this Agreement. If SMUD contends that said notice was given without justification, SMUD shall give written notice to the General Manager requesting mediation within ten days of receipt of such notice.

3. Full Time Employment. The General Manager shall devote their full employment time and effort to the discharge of their responsibilities as General Manager of SMUD. The General Manager shall not directly or indirectly render any service of a business, commercial or professional nature to any person or organization whether for compensation or otherwise without the prior written consent of SMUD. The General Manager may provide non-compensable services to not-for-profit organizations, trade associations, non-partisan political action committees, and similar organizations without the consent of the Board, provided that such services (i) shall not interfere with the General Manager's responsibilities and duty to SMUD, and (ii) shall not be in conflict with or adverse to SMUD's interests.

4. Term and Termination. The General Manager's employment under this Agreement shall commence August 2, 2026, ("Employment Date"). As required by and subject to the terms and conditions of section 11929 of the Municipal Utility District Act, the General Manager shall serve at the discretion of the Board and their employment shall terminate thirty days from the date of notice of the final vote on the resolution providing for their removal from office. The General Manager may terminate this

Agreement by giving sixty (60) days' written notice. Upon receiving such notice, the Board may request that the General Manager vacate their office immediately, so long as the Board also pays the General Manager's salary for the 60-day notice period.

A. Compensation Upon Termination. If SMUD terminates the employment of the General Manager for any reason other than (i) failure in a material or substantial manner to perform their duties under this contract, or (ii) the commission of a criminal offense involving moral turpitude or dishonesty as determined by a court of competent jurisdiction, or (iii) in the event that the General Manager elects to terminate this Agreement on the ground of material breach of the Agreement by SMUD, the General Manager shall be entitled to severance pay subject to reimbursement as follows:

(1) Zero to Two Years of Service. If prior to August 2, 2028, SMUD terminates the employment of the General Manager, the General Manager shall be entitled a lump sum amount shall be equal to 18 months' salary, in addition to all other compensation and benefits including performance incentives to which they are entitled.

(2) On or After August 2nd, 2028. If on or after August 2, 2028, SMUD terminates the employment of the General Manager, the General Manager shall be entitled to twelve (12) months' salary.

(3) Any cash settlement related to termination received by the General Manager shall be reimbursed if the General Manager is convicted of a crime involving an abuse of the office of General Manager.

5. Effect of SMUD's Merger, Transfer of Assets, or Dissolution. This Agreement shall not be automatically terminated by any:

A. Merger or consolidation whether or not SMUD is the consolidated or surviving utility;

B. Transfer of all or substantially all of the assets of SMUD; or

C. Voluntary or involuntary dissolution of SMUD.

In the event of any such merger or consolidation or transfer of assets, the surviving or resulting entity or the transferee of SMUD's assets shall be bound by and shall have the benefit of the provisions of this Agreement. The surviving or resulting entity, or the transferee, also may terminate the General Manager and pay severance according to the terms of Section 4A, above.

6. Compensation and Related Benefits.

A. Base Salary. SMUD shall pay the General Manager an initial base salary of $825,000 annually. The base salary shall be increased beginning August 2027, and annually thereafter by the Board of Directors, equal to the increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (1982-1984=100) – U.S. City Average (non-seasonally adjusted) from June to June provided that such cost of living increase shall not exceed 5 percent (5%) annually. The base salary shall be payable on SMUD's payroll schedule.

B. Merit Increase and Performance Bonus Review. The Board shall annually evaluate the General Manager's performance based on the metrics and expectations set forth in the Board policies and a review of the average base salary of the top ten (10) CEO salaries at the Large Public Power Council ("LPPC"). Based upon the evaluation and review, the Board may, in its discretion, authorize a merit increase and/or performance bonus, if deemed appropriate. SMUD and the General Manager shall meet no later than the end of January of each year to agree upon the metrics and expectations to evaluate the General Manager's performance for the current year upon which a merit salary increase and optional performance incentive shall be based.

C. Employee Benefit and Retirement Programs. The General Manager shall be entitled to participate in all SMUD employee benefit and retirement programs in effect for its officers and management employees including any adjustments in health or retirement contributions and/or compensation.

D. Business Expenses. The General Manager shall be reimbursed by SMUD for all reasonable business expenses in accordance with SMUD policies which shall include full reimbursement of reasonable professional dues.

E. Travel and Training. The Board shall review the General Manager's proposed travel and training budget each year as part of SMUD's annual budget review. The General Manager shall have full delegated authority and discretion over the use of said travel and training budget including continuing professional education and management training requirements.

F. Personal and Sick Leave. The General Manager shall be entitled to 6 weeks annual personal leave (5 weeks accrued, plus 5 days of LMGR leave at the start of each calendar year), sick leave and other leave in accordance with SMUD standard policies for similarly situated management/executive employees. The General Manager shall be required to take one week of personal leave each year, and shall be allowed to carry over a maximum of 260 days of personal leave each year. Any personal leave accrued in excess of 260 days shall be paid in a lump sum to the General Manager.

G. Life, Medical and Dental Insurance. The General Manager will receive the same benefits, including life, medical, and dental insurance, vision, and disability as are provided by SMUD to similarly situated "exempt" or management employees. In addition, SMUD shall immediately vest the General Manager in the retiree health benefits plan and the General Manager shall be entitled to receive such retiree health benefits upon any termination of their employment with SMUD subject to applicable law.

7. Post Employment Restrictions. For a period of one (1) year after leaving SMUD's employment, the General Manager will not make any oral or written communication or take any other action on behalf of any person or organization with intent to influence SMUD on any matter in which the General Manager participated personally and substantially during their service with SMUD. If the General Manager is in doubt as to whether a matter falls under the prohibition of this paragraph, they may request from SMUD a written opinion.

8. Dispute Resolution. In the event of a dispute arising under this Agreement, or related to the General Manager's employment or termination from employment, either party may provide the other with a written notice of dispute. Within ten (10) business days of the notice, the parties shall meet and attempt to resolve the dispute. If the parties are unsuccessful in resolving the dispute, the parties shall enter into mediation of the dispute. Costs of mediation shall be borne equally by the parties. If the parties do not resolve the dispute through mediation, either party may then pursue any and all available legal remedies.

9. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators, and assigns of the General Manager and any successors in interest or assigns of SMUD.

10. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the General Manager by SMUD and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing signed by the party to be charged.

11. Notices. Any notices to be given hereunder by either party to the other maybe affected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing at the conclusion of this Agreement, but each party may change their or its address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of two (2) days after mailing.

12. Construction of Agreement. The parties hereto acknowledge that both parties have participated in reviewing and drafting this Agreement and no ambiguity herein shall be construed against either party by reason of such party's participating in the drafting of this Agreement.

13. Governing Laws. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to agreements made and to be performed entirely in California.

Executed this __ day of ____________________, 2026.

AGREED:

Sacramento Municipal
Utility District

By: ________________________________	**By: ______________________________**
Dave Tamayo **President of the Board of Directors** **6201 S Street** **Sacramento, CA 95817-1899**	**Lora Anguay** **General Manager & CEO**

SMUD Resolution No. _______, adopted ________

President Tamayo then called for public comment for items not on the agenda.

Cynthia Pierson, a member of the public, spoke to an issue involving her property in Apple Hill.

Ed Pierson, a member of the public and Cynthia Pierson's spouse, provided more detail to describe vegetation management work that had occurred on their property. He spoke about his dissatisfaction with the work and protocol. President Tamayo directed staff to speak with the Piersons.

Scott Slotterbeck, a SMUD customer and resident of Ward 3, spoke to the Board about his opinion that SMUD had not been responsive to his requests for assistance for information or assistance in answering his questions regarding various issues.

Ms. Lewis briefly responded to advise that staff had tried to reach Mr. Slotterbeck on multiple occasions via the phone number he had provided, but his voicemail box was full. She stated that SMUD takes seriously its commitment to the customer, and she advised that perhaps Mr. Slotterbeck could provide alternate contact information where he could be reached.

Public comment, a copy of which is attached, was received from the following members of the public:

- Jonathan Armstrong

President Tamayo then turned to Directors' Reports.

Director Rose encouraged the public to reach out directly to the Board via email if they needed assistance or were having trouble. He then thanked the applicants to the CEO search process and noted that it was an A-list of candidates. He concluded by thanking Mr. Lau for his work and for his accomplishments over the years including the Climate Emergency Declaration, his vision for zero carbon, his strong work ethic, and his fabulous leadership.

Director Bui-Thompson reported on her attendance at the Summer Solstice Dinner for the American River Parkway Foundation, noting that Director Fishman served on its Board. She then reported on her attendance at the Customer Contract Week and her participation in the SMUD Cares Bowling

Tournament. She concluded by thanking Mr. Lau for his service, for his many years of friendship, his leadership, and noted that his 45 years of impact would be felt for generations.

Director Fishman stated that he echoed Director Rose's comments and invited members of the public to reach out directly to him if they needed help. He then reported on his attendance at the American River Parkway Foundation's Summer Solstice Dinner, the College Glen Neighborhood Association Foundation's Family Night Out Block Party, and the Friends of Fulton El Camino Park and Recreation District Gala in the Park. He then reported on his speaking engagement about SMUD's Zero Carbon Plan with the Atheists and Other Freethinkers (AOF) group. He concluded by praising Mr. Lau for his impact on SMUD and the community and for sharing his personal story on being an immigrant and demonstrating what is possible through courage, tenacity, hard work, education, and always believing in what is possible.

Director Herber reported on her attendance at the ribbon cutting event for the Sacramento Asian Sports Foundation New Kitchen and the American Public Power Association (APPA) Policy Makers Committee. She concluded by praising Mr. Lau for his many years of work at SMUD and long lasting contributions. She thanked him for always being willing to listen to her ideas as an employee and then later as a Board member and for always being supportive of diversity, equity and inclusion efforts while recognizing that people will give more of their heart and soul when they are seen and listened to.

Vice President Kerth reported on his speaking engagement with the Nehemiah Emerging Leaders Program, his participation on behalf of President Tamayo in the Sacramento Area Council of Governments (SACOG) Twin City Tour, and his attendance at the site selection announcement for Peak Energy, a sodium battery manufacturer moving to Sacramento. He concluded by thanking Mr. Lau and drawing particular attention to the fact that Mr. Lau never forgot about the people who have a hard time paying their bill. He praised Mr. Lau for keeping rates low, finding grant money to help older neighborhoods electrify, and for exceeding expectations.

Director Sanborn reported on her attendance at the American River Parkway Foundation's Summer Solstice Dinner, her participation in a tour of the Twin Cities Solar Project in Herald for which she thanked staff's coordination, and her attendance at the *Sacramento Business Journal's* Women Who Mean Business event. She concluded by thanking Mr. Lau for being a person of high integrity who cares about people and the community, his leadership, and for his commitment to not leaving anybody behind.

President Tamayo reported on his attendance at the Los Rios Community College Board meeting where the new Chancellor, Torrance Powell, was welcomed. He then reported on his attendance at various events with the Morelia Sister City delegation with Sacramento City Hall. He then reported on his attendance at a workshop hosted by CalEPIC to tour the facility where high school students may work in a facility set up to model Rivian service centers and his attendance at the Sacramento Asian Sports Foundation New Kitchen ribbon cutting event. He concluded by praising Mr. Lau for his work on the 2030 Zero Carbon Plan, his investment in the community, the different programs he implemented to help lower bills, and his leadership.

Paul Lau, Chief Executive Officer and General Manager, thanked the Board, Senator Ashby and Mr. Ceccato from Rep. Bera's office for coming to the meeting. He then thanked those in attendance. He stated he had been asked about the secret to SMUD's success, and he noted the Board's innovation, visionary, and courageous stance to set goals that other utilities and other Boards were afraid to set because of the fear of failure. He emphasized the Board's active engagement, including hundreds of committee and community meetings, listening to customer needs, and challenging staff to find solutions. He noted the Board's role in shaping SMUD's strategic vision, including the Zero Carbon Plan, and the focus on affordability, climate action, and social equity, ensuring no community is left behind. He thanked each of the Board members for their support and guidance. He concluded by thanking his family who were in attendance including his wife Rosaline, daughters Nicole and Kristen, and son-in-law Kory.

Mr. Lau then congratulated Lora Anguay on her appointment as the next CEO and expressed his confidence in the strong Executive team.

President Tamayo announced that staff had prepared a video to look back on Mr. Lau's incredible career and the impact that he had made on SMUD, the community, and the world. He directed staff to play the video.

President Tamayo then requested the Summary of Board Direction, but there were no items.

President Tamayo stated that Director Sanborn had requested to make some comments.

Director Sanborn stated that Supervisor Rich Desmond had been in a serious motorcycle accident and wished him well with fast healing. She then stated that her father-in-law, Peter Sanborn, had recently passed and she wanted to honor him for his support of all things environmental and SMUD's work by adjourning the meeting in his honor.

No further business appearing, President Tamayo adjourned the meeting in honor of Pete Sanborn at 7:47 p.m.

Approved:

______________________	______________________
President	Secretary

Outlook

[EXTERNAL] Public Comment: Federal EV Fee (BUILD America 250 Act – Section 1129)

From Jonathan Armstrong <armstrong.jonathana@outlook.com>
Date Tue 6/23/2026 2:38 PM
To Public Comment <PublicComment@smud.org>

To the SMUD Board and Staff,

My name is Jonathan Armstrong, and I am a SMUD customer and EV owner in Sacramento County. I appreciate SMUD's long-standing leadership in clean energy and transportation electrification, and I am submitting this comment to encourage review of Section 1129 of the BUILD America 250 Act, which would create a new federal EV fee.

I recognize that SMUD must balance affordability, grid reliability, and equitable cost allocation across all customers while advancing electrification goals. In that context, this proposal may warrant evaluation for how it could interact with SMUD's existing programs and long-term strategy.

California EV drivers already pay relatively high registration fees, in some cases up to $429 per year. An additional federal fee of $130–$150 annually could create overlapping cost burdens for customers who have adopted EVs. This structure may also introduce misalignment between federal policy and state or local efforts designed to encourage transportation electrification.

From a system perspective, this type of fee could influence EV adoption patterns in ways that affect load growth, infrastructure planning, and the effectiveness of managed charging and load shifting programs that SMUD has invested in.

This proposal could have several potential impacts:

- Increased cost burden for existing EV owners
- Slower or uneven EV adoption
- Tension with regional air quality and decarbonization goals
- Reduced effectiveness of pricing signals that support grid optimization

  I may have missed it, but I have not yet seen a coordinated response from utilities or related organizations on this issue. Given Sacramento's high EV adoption and SMUD's leadership role, your perspective could be valuable in broader policy discussions.

  I respectfully ask that SMUD:

1. Evaluate how Section 1129 could affect SMUD customers, electrification programs, and long-term system planning.
2. Consider engaging through appropriate government affairs channels or industry groups where SMUD typically participates.
3. Communicate to customers whether SMUD plans to take a position or participate in broader advocacy efforts.

Even a high-level assessment of potential impacts would be valuable for customers seeking to understand how this proposal fits within SMUD's broader strategy.

My goal in raising this is to support continued progress toward electrification in a way that remains cost-effective and sustainable for both SMUD and its customers.

Thank you for your time and for your continued leadership on clean transportation and climate policy.

Sincerely,

Jonathan Armstrong

Sacramento County, CA

SSS No.	BOARD AGENDA ITEM	Committee Meeting & Date
DLSC 26-007	STAFFING SUMMARY SHEET	Policy - 08/12/26
		Board Meeting Date
		August 20, 2026

	TO		TO
1.	Dr. Markisha Webster	6.	Suresh Kotha
2.	Claire Rogers	7.	
3.	Jose Bodipo-Memba	8.	
4.	Brandy Bolden	9.	**Legal**
5.	Cara Chatfield	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Dr. Markisha Webster	DEIB, Learning & Sustainable Communities	B260	7055	07/15/26

NARRATIVE:

Requested Action: Accept the monitoring report for Strategic Direction SD-13, Economic Development.

Summary: The annual Economic Development Report summarizes accomplishments and status of SD-13 performance by SMUD for the period of January 1 – December 31, 2025.

Board Policy: *(Number & Title)* Strategic Direction SD-13, Economic Development policy states: "Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development."

Benefits: This report and presentation provide the Board of Directors and Executive Team information demonstrating SMUD's overall compliance with the Economic Development Strategic Direction and compliance with specific Board Policy.

Cost/Budgeted: N/A

Alternatives: Provide the Board with written reports and communication through the CEO & General Manager.

Affected Parties: Board of Directors, Executive Office, Sustainable Communities, New Business Development, Commercial Development, Community Energy Services (CES), Complete Energy Solutions, Pricing and Commercial Delivery

Coordination: Economic Development develops the report with information from Supplier Education & Economic Development (SEED), Sustainable Communities, New Business Development, Commercial Development, Community Energy Services (CES), Complete Energy Solutions, Pricing and Commercial Delivery

Presenter: Dr. Markisha Webster, Director, DEIB, Learning & Sustainable Communities

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Annual Monitoring Report for SD-13, Economic Development	5

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** July 30, 2026

FROM: Claire Rogers CR 7/30/26

SUBJECT: **Audit Report No. 28008028**
Board Monitoring Report; SD-13: Economic Development

Internal Audit Services (IAS) received the SD-13 *Economic Development* 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Paul Lau

DRAFT

Board Monitoring Report 2025
Strategic Direction 13 (SD-13) Economic Development

1) Background

Strategic Direction (SD-13) Economic Development states that:

Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
b) SMUD shall align its economic development activities with regional economic development initiatives.
c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
d) SMUD shall offer economic development rates and program incentives.
e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

2) Executive summary

SMUD continues as a leader in efforts to strengthen the economic health of the greater Sacramento region. Our comprehensive Economic Development & Partnerships (EDP) strategy includes promoting SMUD's 2030 Zero Carbon Plan within regional initiatives, leveraging CIP funds to build partnerships in underserved commercial corridors, promoting and supporting innovation, offering diverse business development resources, and collaborating to secure funding to uplift communities and create living-wage jobs.

Key 2025 achievements include:

- A primary leadership role in the Sacramento Metro Chamber Cap-to-Cap regional advocacy program in Washington, DC, elevating the region's priorities on a national platform
- Collaborations to secure state funding aimed at creating living-wage jobs
- In-kind support and expertise to expand access to resources for entrepreneurs and businesses

We also increased accessibility to the Supplier Education and Economic Development (SEED) contracting program for small businesses, provided energy efficiency and electrification incentives, and strengthened partnerships with local agencies and nonprofits to foster community development. Additionally, we deployed resources to support sustainability plans that are measurable and replicable, ensured our service connection costs remain competitive with other West Coast utilities and provided expertise and facilitation for developer projects.

In 2025, we worked closely with over 50 local economic development organizations. These collaborations enabled us to attract, retain, and expand companies within our service territory, and foster a stronger, more equitable, and sustainable regional economy.

As this report demonstrates, in 2025, SMUD was in compliance with each of the goals for the year established in SD-13.

3) Additional Supporting Information

A. Promoting innovation while maintaining rate affordability & balancing other strategic directions

At SMUD, we know a strong entrepreneurial ecosystem fuels innovation, local job growth, and inclusive economic opportunity across Sacramento. While we don't invest directly in startups, we partner with and support nonprofit organizations that provide resources, mentorship, focused accelerators and networks to help entrepreneurs succeed and scale. SMUD's investment, subject matter expertise, and business community collaboration supported the work of these innovation and entrepreneurship partners, drawing over 11,833 attendees across 404 events, serving 2,645 startups, fostering 1,523 mentor matches and supporting 29 partnerships. See Appendix A for more information on a selection of these partnerships.

SMUD continues to effectively balance our goal of fostering innovation with our commitment to keeping rates low. SMUD's average rates remained competitive even after the adopted rate increases for 2025. In 2025, SMUD's average rate was 50.3% below PG&E, which includes their 3 rate changes in January, March, and September. For additional details on SMUD's competitiveness, see Appendix B.

SMUD aligned its grant funding activities with regional economic development activities by pursuing awards to fund planned work, research and development initiatives, and potential new business partnerships. This funding will directly help SMUD keep its rates low while also moving crucial projects forward with potential to economically benefit both SMUD and the larger region. In 2025, SMUD won, or brought under contract, a total of $28 million in grant awards for projects totaling $69.2 million and an average grant match of 63%. Additionally, SMUD wrote 23 letters of support or commitment for regional organizations and businesses, impacting approximately $17 million in potential awards.

B. Aligning economic development activity with regional economic development initiatives

In 2025, SMUD continued its strong tradition of leadership in regional economic development serving as a convenor, holding visible leadership roles, and driving the priorities of SMUD through these collaborations and alignment with our partners.

SMUD as a Convenor

- **Cap-to-Cap**: Sacramento Metro Chamber's Cap-to-Cap program is the largest and longest running advocacy program of its kind in the nation. It brings together business, civic, and elected leaders with the goal of advancing policies that strengthen our communities. In 2025, SMUD was the program chair, leading a 450-member delegation of elected, business and non-profit leaders from across the Sacramento six-county region (the largest delegation in the 53-year history of the program). Key initiatives under SMUD's leadership included work to realign regional policy priorities to best position our community to access federal funding under the Trump Administration and work to identify opportunities to incorporate SMUD priorities into policy team issue papers, including Workforce, Education, Economic Development as well as a stand-alone, energy issue paper under the Air Quality Team.
- **Business Advisory Council (BAC) & Economic Development Summit**: EDP continued to lead the BAC, hosting four quarterly meetings and a special networking event that connected business organization leaders with each other and with information on the SEED program, the 2030 Zero Carbon Plan, best practices, sponsored events, incentives, and commercial contracting opportunities.
- **Internal and External Study Missions**: As program chair of the regional Internal Study Mission, and steering committee member of the 2025 Metro Chamber Study Mission to Boston, Massachusetts, SMUD helped set the agenda and drive the dialogue with community leaders around key business issues promoting awareness of SMUD's 2030 Zero Carbon Plan and inclusive economic development priorities.

Visible Leadership Roles

- **California Jobs First**: SMUD continued to play a key role in Sacramento's regional implementation of the California Jobs First program by serving on its Leadership Council and through partnership and representation in its multi-pronged community outreach work. Branded locally as *We Prosper Together* and administered through Valley Vision, the inclusive economic development initiative's goal is to uplift communities, encourage investment in the region and create living-wage jobs. In 2025, *We Prosper Together* allocated its second tranche of Catalyst funding in the amount of $4 million to 11 projects across the eight-county region, a combined total of $9 million in total funding from 2024 - 2025. SMUD was also a recipient of a Catalyst Round I grant of $508,978 to host a regional technical advisory committee. For more information on SMUD's role and the grant received, see Appendix D.
- **Greater Sacramento Economic Council (GSEC)**: SMUD's partnership with GSEC is critical to the community contributing to regional prosperity by growing the economic base and serving a key role in the region's recruitment capability due to our affordability and reliability. SMUD was a central partner in improving regional readiness through the joint creation of and response to the economic development readiness report with GSEC and Valley Vision. In addition to Paul Lau's participation on the GSEC Board, SMUD's commercial development staff responds to Request for Information (RFI) proposals from the organization, and Commercial Development and Economic development staff participate in GSEC's Economic Development Directors' Task Force.
- **Regional Leadership**: Throughout 2025, SMUD staff held visible leadership roles in regional economic development initiatives and organizations, helping ensure regional stakeholders are working in concert on business development, attraction, retention and expansion efforts and that our efforts are aligned with regional priorities. For a list of these leadership roles, see Appendix D.

Partnering with and Investing in our Community

- **Small and Mid-size Business (SMB) Support**: SMUD's SMB team of Strategic Account Advisors continued to assist our customers by directing them to appropriate SMUD programs and services and educating them on SMUD's 2030 Zero Carbon Plan to ensure no business or community is left behind. For more details, see Appendix B.
- **Sustainable Business Certifications**: SMUD's partnership with the County of Sacramento Business Environmental Resource Center (BERC) resulted in the successful certification of 96 businesses in SMUD service area, of which 54 businesses (56%) were in underserved neighborhoods.
- **Property and Business Improvement District (PBID) Outreach**: In 2025, SMUD partnered with 14 PBIDs and participated in 69 outreach events with them. Through these collaborations, EDP conducted 14 of its 25 targeted business walks within these districts. EDP's outreach within these districts resulted in the approval of 13 business district electrification projects and 25 measures.
- **Sustainable Communities Program**: In 2025, SMUD's Sustainable Communities program invested $4.6 million in nonprofit partnerships to support economic development, regional workforce development, clean energy and STEM education, and customer resiliency in under-resourced communities.

C. Retaining, recruiting, & growing commercial & industrial rate-paying customers

Business Attraction

Business attraction is a key economic development focus, and SMUD has played an increasingly important role in business attraction, retention, expansion and in helping brand the region as an attractive place to do business. In 2025, SMUD participated in or supported:

- 28 business attraction, retention, and expansion projects within our service territory
- Attraction/expansion of 16 companies
- Creation of an estimated 987 local jobs in multiple sectors including advanced manufacturing, clean-technology, agriculture, and mobility

In 2025 global supply chain delays continued to impact SMUD's ability to purchase equipment, including some types of transformers, resulting in longer lead times. SMUD's Commercial Development team dedicated significant time and resources to managing a transformer issuance policy to ensure customers were electrically ready to receive their equipment. This impacted our work significantly on development projects throughout the service territory. Despite these challenges, SMUD actively engaged in 152 commercial, industrial, mixed-use and residential projects throughout our service territory. For more information, see Appendix E.

Regional Workforce Development

In 2025, SMUD continued working through the Regional Workforce Development Strategic Plan, training 4,041 people to position them for clean energy and other economic opportunities and facilitating the employment of 785 members of our community. This regional strategy has worked to galvanize and prepare the region with an inclusive, diverse, skilled, and empowered future workforce. Through the Regional Workforce Development Strategic Plan initiatives, SMUD supported 48 community partners to rapidly deploy workforce development and training throughout the Sacramento Region, with a high emphasis on bringing opportunities to under-resourced communities. By fostering a responsive career ecosystem, SMUD continued to close economic equity gaps, build the requisite workforce to meet SMUD's regional zero carbon goals, and attract new business investments to the region by supporting a skilled and work-ready workforce. For information on SMUD's Energy Career Pathways, see Appendix D.

Engaging Local Businesses

In 2025, SMUD's SMB team of Strategic Account Advisors (SAAs) made significant strides in engaging local businesses. SAAs served as trusted advisors, providing education on SMUD's programs, services, rates, and long-term vision while also offering technical assistance on topics such as infrastructure capacity, solar and storage, EVSE installation, and the benefits of electrification. The team collectively attended over two hundred community events including community gatherings, chamber of commerce meetings, and PBID-hosted events that resulted in 67 customer leads submitted by SAAs to SMUD's Complete Energy Solutions Program alone. Of the 67 leads, 35 have resulted in completed Go Electric HVAC and water heating projects. For more information, see Appendix D.

D. Economic development rates & program incentives

SMUD offers economic incentives to help attract new businesses and expand existing ones to grow the regional economy. Incentives range from helping design new construction to offering energy-efficient upgrades for equipment to proposing our Economic Development Rate (EDR), see Table 1.

Customers that exceed 299kW for three consecutive months may qualify for the EDR, which has multiple options for our customers, including a front-loaded discount to help reduce initial operating costs, or a fixed discount over the ten-year period. Customers located in a disadvantaged community have the same options, but with a larger discount.

Commercial incentives and technical support help customers implement new energy-saving equipment and make electrification modifications to their buildings. In 2025, SMUD invested $13 million in commercial incentives including heat pump space heating and cooling, domestic hot water, kitchen electrification, and vehicle electrification. Overall, 456 commercial projects received incentives for a combined total program energy savings of 17.84 GWh equivalent to 2,074 all-electric homes.

Table 1. Economic Development Rate

Size	Term	Industry Requirements	Job Requirements	Full Service Requirement	Discount
300 kW+	10 Years	No limitations	No minimum requirements	No	Two options for customers to choose: **Standard EDR** • Opt A: 6% for years 1-5; declining 1% per year for years 6-10 • Opt B: 4.5% for 10 years **Rate for Disadvantaged Communities** • Opt A: 8% for years 1-5; declining 1.5% per year for years 6-10 • Opt B: 6% for 10 years

E. Contracting program for certified small businesses who are rate-paying customers

SMUD's EDP team teaches local small businesses how to contract with SMUD through the SEED program. SEED offers incentives to local small businesses that participate in SMUD's competitive bid process, and helps prime contractors find local subcontractors, giving them a competitive edge when developing bids or proposals.

With focused outreach, engagement and by leveraging business partnerships, the SEED-qualified vendor base grew by over 4%, with registered SEED vendors representing 54% of all DGS-certified small businesses in the Sacramento region by the end of 2025. With SMUD's adoption of PlanetBids, prime vendors now have direct access to the SEED vendor portal, enhancing collaboration between large and small businesses on SMUD contracts. This eliminates the need for the EDP team to manually provide SEED vendor lists, streamlining the subcontractor search process and improving the overall experience for prime contractors.

Table 2. 2025 SEED Program Contracts

Award Type	Total Award ($)	Award Count	Percent of Program
SEED Prime	$ 67,867,142.25	28	69%
SEED Sub-Contractors	$ 29,952,986.21	81	31%
Total	$ 97,820,128.46	109	100%

In 2025, SMUD awarded 31.6% of its contracts to SEED-certified small businesses, surpassing the Board-established goal of 20%. SEED program participation grew by 36 new SEED vendors, with 109 SEED contracts awarded in 2025, totaling more than $97 million; see Table 2. For more information on SEED, see Appendix F.

4) Challenges

California's business climate, cooling economy and market instability, cost of doing business, decarbonization goals and regulatory standards present challenges to development. Permitting costs and delays pose barriers when market-leading companies seek to relocate from other states. SMUD continues to work with regional and state partners, such as GSEC, The Governor's office of Business and Economic Development (GO-Biz) and the California Association of Local Economic Development (CALED), to address the state and local regulatory challenges that limit our ability to attract or develop new businesses.

5) Recommendation

It is recommended that the Board accept the Monitoring Report for SD-13, Economic Development.

Appendix A– Promoting Innovation

Startup businesses & innovative new technologies are vital to creating an inclusive zero carbon economy. SMUD is an active supporter of this entrepreneurship ecosystem, collaborating with local non-profit organizations that offer training, maker spaces, networking, and mentorship to startups at no cost and connecting our internal expertise with partner organizations that support education and awareness. 2025 partnerships supporting the entrepreneurship ecosystem include but are not limited to:

- **CleanStart Inc.**: Building and supporting the clean technology ecosystem in the Sacramento region, CleanStart Inc. supports early-stage companies through education, access to capital, and connections to the networks they need to make their innovations commercially successful. In 2025, CleanStart directly supported 40+ early-stage companies through over 150 one-on-one coaching sessions and their Deep Dive Accelerator programs. A total of seven startups graduated, advancing their commercialization and capital readiness efforts and, with SMUD support, companies secured nearly $50 Million from Grants, Licensing Deals, Purchase Orders in 2025.
- **Made Here (Hacker Lab EDU)**: Providing multifaceted entrepreneurship support, Made Here serves as a Sacramento inclusive makerspace, coworking hub, and workforce development incubator. In 2025, Made Here successfully hosted 11 First Friday Maker Markets, featuring over 200 unique vendors and welcoming an average of more than 150 attendees per market. The majority of participating vendors are women and women of color, including graduates and current participants from MAKEHERS[1]. These markets directly support local entrepreneurship and contribute to economic stability for many low-income households.
- **InnoGrove**: Offering networking and educational workshops focused on startup and small business development, InnoGrove hosted 10 events reaching approximately 255 attendees. 2025 events included Women-in-Tech Workshops, Innogrove Startup Resource Directory, Startup Founder Workshops, and practice sessions for the Pitch Elk Grove Competition. A longer-term role for InnoGrove is to support startup businesses as they develop their products.
- **StartupSac**: Accelerating Sacramento's startup and innovation ecosystem, StartupSac educates, empowers, and connects startups to founders and innovators. 2025 efforts included three 12-week FastTrac cohorts serving 29 entrepreneurs and 24 in-person and 8 online events engaging over 1,600 participants. Approximately 110 individual startups were engaged across programming, with an estimated 85 receiving one-on-one mentoring support. StartupSac also co-hosted two Startup Challenge weekends with over 150 participants. Programming included cohort-based education, pitch events, mentoring sprints, and community convenings that support business formation and growth in Sacramento.
- **Startup Folsom**: Working to build Folsom's entrepreneurial and innovation community, in 2025, Startup Folsom held 22 events serving 575 attendees. Events included AI Meetups, Pitch Coaching sessions and workshops, and networking events for entrepreneurs. 29 Founders received mentoring support.
- **Growth Factory Nonprofit (GFN)**: An entrepreneurial development organization, GFN is dedicated to fostering innovation, accelerating high-growth startups, and preparing youth for workforce readiness. In 2025, GFN directly supported over 110 startups and small businesses and over 80 high school and community college students through intensive cohort-based programs focused on founder development and investment

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[1] MAKEHERS is a SMUD-supported, women-led small business incubator that directly supported 12 women through a cohort intensive business training that included mentorship, and access to space and tools. MAKEHERS helped women turn creative skills into thriving businesses

readiness. GFN has begun scaling its youth entrepreneurship programs, including the launch of Project Atlas, a practitioner-led program hosted at Connect Labs Aggie Square in the Oak Park neighborhood of Sacramento.

- **Carlsen Center for Innovation & Entrepreneurship at Sacramento State**: Serving as a regional hub and platform for providing approachable and accessible entrepreneurial education, community and support, in 2025, the Carlsen Center for Innovation & Entrepreneurship hosted two Startup Challenges and Global Entrepreneurship Week (GEW). At the Startup Challenges, over 100 participants were supported in growing their ventures – 33 final pitches, $1 million in funding generated post sessions. GEW 2025 featured 20 discussions/panels, 2 pitch events, and 1 speed mentoring event, with approximately 700 attendees and an additional 150 reached through LinkedIn live and other virtual formats.
- **Sacramento Entrepreneurial Growth Alliance (SEGA)**: SMUD is a member of SEGA, a collaborative entrepreneurial ecosystem committed to growing entrepreneurial opportunity in the region. Key 2025 efforts include:
  - The NorCal Entrepreneur Hub, an online tool/platform connecting entrepreneurs to organizations, resources, and events, now highlights over 480 users, 340 organizations, and 500 resources.
  - The Inclusive Innovation Hub by the California Office of the Small Business Advocate (led by SEGA) – in 2025, its partnered programs supported over 152 businesses, saw $12.25M in equity financing raised, saw $1.05 million in non-dilutive capital raised, and activated $80K in equity investment through NorCal AngelCon.
- **Mike and Renee Child Institute for Innovation and Entrepreneurship (UC Davis)**: Developing impactful programs, expertise, and networks for community members interested in innovation and entrepreneurship, in 2025, the Mike and Renee Child Institute for Innovation and Entrepreneurship organized the 25th annual Big Bang! Business Competition, which awarded over $100,000 in grants to the winning teams from 75 participants. They hosted 13 events with 1,250 participants, providing 200 mentor matches. SMUD presents the Energy and Sustainability Award annually at the Big Bang Awards Celebration.
- **FourthWave**: An accelerator for women-led technology companies, FourthWave partnered with the Carlsen Center for Innovation & Entrepreneurship at Sacramento State to support 12 startups and 16 founders through targeted mentorship, curriculum, and investor access. In 2025, FourthWave strengthened the regional innovation ecosystem by hosting a community dinner, an investor pitch showcase, and four Community Forums designed to connect entrepreneurs with mentors, investors and peer learning. In collaboration with Aggie Square Connect Labs, FourthWave also co-produced the inaugural Women's Health Innovation Summit, spotlighting Sacramento's leadership in health innovation and public policy; the event exceeded expectations with more than 200 attendees. Collectively, companies from the 2024 and 2025 cohorts have secured more than $9 million in funding since completing the program, demonstrating FourthWave's effectiveness in accelerating high-growth ventures and strengthening the region's innovation economy.
- **Sacramento Entrepreneurship Academy (SEA)**: Supporting students and early startups from the Sacramento Region, in 2025, SEA supported 17 fellows through a rigorous, cohort-based entrepreneurship experience focused on venture development, mentorship, and real-world execution. Fellows formed six startup teams and were paired with a dedicated mentor who provided hands-on guidance throughout the program. Through structured workshops, expert-led sessions, and ongoing mentor engagement, teams refined their value propositions, tested market assumptions, and strengthened their go-to-market and growth strategies. The most successful team, *Low Prop Tax*, used the program to successfully pivot its business model. As a result, the company

secured a $500,000 grant and is thriving today. Another standout team, *Frontal Lobe*, has since raised $3.2 million in funding to support the growth of its social club concept.

- **EveryDay Creative Program**: Co-produced by CLTRE and Creative Startups, with support from The City of Sacramento's Office of Arts and Culture and SMUD, the EveryDay Creative Program empowers entrepreneurs within the creative economy through mentorship, tailored training, a storefront residency, and financial support transforming creative projects into impactful ventures. The Program hosted two Accelerators serving 36 Founder's, with 40 meetings and 700 attendees to foster innovation, entrepreneurship and business skills.
- **1 Million Cups Sacramento**: Part of the national initiative of the Ewing Marion Kauffman Foundation, 1 Million Cups Sacramento is operated entirely by local volunteers. The program provides a consistent, no-cost platform for entrepreneurial growth. Each week, two founders present their businesses to the community, receive strategic feedback, and build connections with mentors, peers, and potential partners. Prior to their presentation, they receive one-on-one mentoring. In 2025, 1 Million Cups Sacramento hosted 47 weekly programs — including 11 in-person/hybrid and 36 virtual sessions — engaging 891 attendees and supporting 67 early-stage founders.
- **Sacramento Valley Small Business Development Center (SBDC)**: Supporting local entrepreneurs and small businesses with the tools and insights to start, grow, and pivot their businesses, in 2025, SBDC served 1,106 entrepreneurs in Sacramento County. They also helped 79 entrepreneurs embark on their entrepreneurial journeys and supported 2,361 jobs. Last year, they hosted 64 training events, including a DGS SB/SMUD SEED workshop on August 6, 2026, with 14 small businesses in attendance.
- **Regional Small Business Utilization Center (RSBUC)**: Operating under the Sacramento Asian Pacific Chamber of Commerce, the RSBUC helps businesses connect with contract opportunities supporting and strengthening small businesses throughout Sacramento County. In 2025, RSBUC delivered 19 hybrid events—offered both in person and virtually—serving 1,150 businesses across the region and provided one-on-one coaching to 130 new small businesses to advance capacity, procurement readiness, and growth strategies. Among the seven in-person engagements hosted this year were Connect & Construct at the Kaiser Railyards jobsite; the Small/Underutilized Business (SUB) Summit; the SUB Basics Academy, which included two in-person sessions and a graduation; the Sierra College Construction Expo; and the Taking it to the Streets Career Fair in partnership with the Sacramento-Sierra Building and Construction Trades Council.
- **California Energy, Power, and Innovation Collaborative (CalEPIC)**: An accelerator for new technology that addresses energy and power needs, SMUD works with CalEPIC on a variety of workforce development and training programs that benefit the community and the region. Over the last three years, Cal EPIC has trained over 700 people in the Sacramento region with outreach conducted in partnership with SMUD and local community-based organizations serving under-resourced communities. More than half of those participants came to the programs with a high-school level educational attainment and a majority of trainees identified as a minority population.
    - SMUD provided a letter of support for the *Capital Charge Yard*, which was chosen by the California Energy Commission to be the first-of-its-kind EV Charger Testing Lab in California. Charge Yard will create an interoperability and conformance testing space that is publicly available to EVSE and EV manufacturers as well as researchers. It is expected to help with universal standard creation and study opportunities for bidirectional power (V2X). In addition to testing and research inside the Charge Yard, Cal EPIC will host five events a year (two testing events and three policy and non-testing events) to support EVSE advancements and operations.

- CalEPIC's Rivian Technical Trades Program is the first Rivian workforce development program for EV technicians that is not associated with a community college. It is one of five technical trades programs for Rivian in the country and the only program in California. This 15-week program selects people from the Sacramento community to become paid interns for Rivian while they learn skills for electric vehicle support. During this time, participants are paid $24 per hour and offered a job for Rivian if they meet all requirements of the program. Through 2025, the Cal EPIC and Rivian partnership trained over 30 people and had participants provided job offers in Sacramento, the greater Bay Area, Fresno, San Diego, Phoenix, Tempe, and Salt Lake City.

Appendix B - Commitment to Low Rates

SMUD continues to maintain rates that are below PG&E's, both at a system level and by rate class. Table 3 provides a detailed picture of the difference between SMUD's and PG&E's projected average rates by class in 2025 as well as the difference between rates in 2024. The competitive rate by class varies for the different customer classes and is at least 42.7% below comparable PG&E class average rates. Since the creation of the annual rate monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E.

Table 3. Comparison of SMUD's and PG&E's Projected Average Rates by Class

Customer		Rate Categories		Average Annual Rate		Difference below PG&E*	
				PG&E	SMUD		
Class	Description	PG&E	SMUD	2025	2025	2025	2024
Residential	Standard	E-1	TOD	$0.4218	$0.1975	-53.2%	-55.5%
	Low Income	CARE***	EAPR & EAPRMED**	$0.2466	$0.1321	-46.4%	-50.9%
ALL RESIDENTIAL				**$0.3566**	**$0.1888**	**-47.1%**	**-50.1%**
Small Commercial ****	<= 20 kW	B-1	GFN, CITS-0	$0.4326	$0.1931	-55.4%	-57.0%
	21 - 299 kW	B-6	CITS-1	$0.4287	$0.1782	-58.4%	-59.8%
Medium Commercial ****	300 - 499 kW	B-10	CITS-2, CITP-2	$0.3827	$0.1674	-56.3%	-58.3%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	$0.3359	$0.1551	-53.8%	-54.6%
Large Commercial ****	>= 1 MW	B-20	CITS-4, CITP-4, CITT-4	$0.2226	$0.1275	-42.7%	-43.4%
Lighting	Traffic Signals	TC-1	TS	$0.4300	$0.1519	-64.7%	-65.8%
	Street Lighting	Various	SLS, NLGT	$0.4631	$0.1783	-61.5%	-66.1%
Agriculture	Ag & Pumping	AG	ASN/D, AON/D	$0.3892	$0.1683	-56.8%	-58.2%
SYSTEM AVERAGE				**$0.3478**	**$0.1728**	**-50.3%**	**-52.2%**

** 2025 average prices for SMUD with the rate increases effective 1-1-25 and 5-1-25. PG&E average prices in 2025 reflect rates effective 9-1-25, per Advice Letter 7684-E. The rate difference in year 2024 reflects PG&E average rates as of 10-1-24, per Advice Letter 7382-E dated 9-30-24, and SMUD rates effective 5-1-24.*

*** CARE vs EAPR includes EAPR & EAPRMED customers*

**** There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.*

***** Commercial rates include WAPA credits.*

Appendix C - Grants and External Funding Sources

SMUD actively pursues grant funding to expand SMUD's programming & investment reach while maintaining our low rates. Grants awarded & contracted in 2025 include:

- **California Energy Resilience and Reliability Infrastructure (CERRI) Grant**: $25.5 million award funded by the Federal Department of Energy and administered via the State California Energy Commission. The CERRI grant will pay for 192-230 network protectors as well as 210,000-280,000 circuit feet of underground cable. All work will be executed between 2026-2032 and supports economic development with reliable energy at reasonable rates.
- **Catalyst Fund - Capitol Region Skilled Trades Workforce Pipeline Grant**: $508,978 to host a regional technical advisory committee (TAC) gathered to develop utility-specific skills training curriculum. Further planning efforts include multi-agency joint utility-skills trainings and access to wrap-around services. Funding provided by the California Department of Industrial Relations was awarded to local economic development non-profit Valley Vision as prime, who then provided Catalyst Fund sub-grants to SMUD and others.
- **Golden Mussels Prevention Grant**: $91,161 Boating and Waterways grant provided by the California Department of Fish & Wildlife to prevent the spread of quagga and golden mussels at Rancho Seco Lake through the installation of a solar-powered boat washing and inspection station.
- **Gardenland Neighborhood Commercial Electrification Project**: $1.3M of residual ARPA funds awarded to the City of Sacramento as prime and the Sacramento Hispanic Chamber of Commerce (SHCC) as subrecipient. SHCC subsequently partnered with SMUD to deploy commercial electrification efforts in the Gardenland Neighborhood District.

Appendix D - Alignment with Regional Economic Development Initiatives

Leadership Roles

SMUD’s leadership roles in regional economic development organizations included:

- 50 Corridor Transportation Management Authority, Board of Directors
- Business Environmental Resource Center, Advisory Committee
- CAAPS, Board of Directors
- California Jobs First / We Prosper Together
- California Foundation on Environment and the Economy, Board of Directors
- Capitol Area Development Authority, Board of Directors
- Capitol Black Chamber of Commerce
- Carmichael Chamber of Commerce, Board of Directors
- Citrus Heights Chamber of Commerce, Board of Directors
- Cleaner Air Partnership, Executive Committee
- Downtown Sacramento Partnership, Board of Directors
- El Dorado Chamber of Commerce
- Florin Square Community Development Corporation, Board of Directors
- Folsom Tourism and Economic Development Corporation, Board of Directors
- Greater Sacramento Economic Council, Board of Directors
- Greater Sacramento Economic Council, Economic Development Directors Task Force
- Greater Sacramento Urban League, Board of Directors
- Midtown Business Association, Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- Northern California World Trade Center, Board of Directors
- Power Inn Alliance, Board of Directors
- Placer County Economic Development Board
- Rancho Cordova Chamber of Commerce, Board of Directors
- River District (Sacramento), Board of Directors

- Roseville Chamber of Commerce, Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Internal Study Mission Chair Capital Black Chamber of Commerce, Board of Directors
- Sacramento Employment and Training Agency, Board of Directors
- Sacramento Hispanic Chamber of Commerce, Board of Directors
- Sacramento Hispanic Chamber of Commerce Foundation, Board of Directors
- Sacramento Metro Chamber of Commerce, Executive Committee
- Sacramento Metro Chamber Foundation, Board of Directors
- Sacramento Metro Chamber Study Mission, Steering Committee
- Sacramento State University, College of Business, Alumni Association Board of Directors
- Sacramento Works, Board of Directors
- Stockton Blvd. Partnership, Board of Directors
- Urban Land Institute, Executive Committee
- Valley Vision, Executive Committee

SMUD Leadership Impact Highlight: California Job's First – We Prosper Together

Through continued stakeholder engagement and coalition building, *We Prosper Together* laid the groundwork for sustainable progress, fostering alignment, shared vision, and measurable outcomes across the region's economic ecosystem. Key accomplishments in 2025 included,

- Launching the region's first Prosperity Index, which provided in-depth, actionable data on economic opportunity, workforce trends, and barriers to prosperity, serving as a foundation for evidence-based regional decision-making.
- A series of Regional Action Forums that brought together diverse stakeholders from business, education, government, and community organizations to develop targeted solutions around workforce development, small business recovery, and inclusive growth.
- An expanded small business support network, increasing access to technical assistance and capital for local entrepreneurs, particularly those from historically marginalized communities.
- New partnerships between educational institutions and employers, leading to pilot workforce training programs tailored to high-demand sectors such as clean energy and health care.

Partnering With and Investing in our Community

- **Energy Career Pathways**: In 2025, SMUD recruited and trained individuals from under-resourced communities in solar, battery, EV, and electrification technologies. Our 2025 training partners, Grid Alternatives, Northern California Construction and Training Inc., and Cosumnes River College, supported graduates with finding employment in the energy industry by connecting job seekers with employers, resume help, and career coaching. Our efforts closed the year with 202 individuals graduating and 61 being placed in relatively high-paying jobs and career paths.
- **Shine Program**: Now in its ninth year, the Shine program invests in nonprofit partners that deliver projects through collaborations that support historically under-resourced communities. Since its inception, the program has funded $4.8 million in projects. Each project requires a matching contribution from the partner organization, extending the overall impact in the community. In 2025, 22 nonprofit organizations received $534,000 in funding through the annual program. These projects aim to increase access to zero carbon workforce development, enhance energy and STEM education, implement energy efficiency improvements, and support affordability and community resiliency. In addition to the 22 funded organizations, 393 individuals participated in 14 informational and technical assistance sessions to learn about eligible projects and the application

process. A total of 104 organizations submitted applications, requesting more than $4.6 million in funding for competitive and high-impact projects.
- **Small and Mid-Size Business (SMB) Support**: Together, EDP and the Strategic Account Advisors (SAAs) worked to bring SMUD's Community Impact Plan funding to members of the Gardenland Northgate Neighborhood Association (GNNA), the Arden & Howe Business Alliance, and the River District. Staff presented and shared electrification information with hundreds of business owners and community members at several business walks, community workshops, and onsite meetings. The work resulted in the initiation of 79 CIP-funded business-electrification projects.
- **Electrification and Energy Efficiency**: Our Custom Retrofit, Complete Energy Solutions (CES), and Integrated Design Solutions (IDS) programs were well-positioned to lead electrification and energy efficiency projects for commercial customers in 2025. Commercial customers continued to take advantage of technical support along with a comprehensive list of incentive opportunities available through the commercial programs' suite of offerings catered by business type. Many commercial customers were able to install both energy efficiency and Go Electric measures where they received incentives for multiple types of projects and saved money while reducing their carbon footprint. Commercial program managers contributed and participated in quarterly Business Go Electric campaigns and community engagement events. Overall, the commercial programs completed 38 CIP projects with a combined total of 433 commercial projects.

Appendix E – Commercial Customer Growth and Attraction

The Commercial Development team partners with external stakeholders and local agencies to support the growth of commercial and industrial customers. Projects announced in 2025 included 16 companies and the creation/retention of 987 new jobs:

- **ALLDATA** – technology retention project based in Elk Grove (400 jobs).
- **BayoTech** – Clean technology company located in Sacramento County (10 jobs.)
- **Ample Electric, Inc.** – Clean tech retention project in the City of Sacramento (25 jobs).
- **Elior North America** – specializing in food & agriculture expanded its operations in Sacramento County (54 jobs).
- **Kagome GARBiC USA**– a food & agriculture company located to the City of Sacramento (3 jobs).
- **Kora Power** - CleanTech company located Rancho Cordova (75 jobs).
- **Kratos Unmanned Aerial Systems** – the manufacturing company expanded their operations in Sacramento and County of Sacramento (167 jobs).
- **Mackenzie, Inc.** – an advanced business services company located in the City of Sacramento (5 jobs).
- **MednRX** – a bio-life science company expanded in Rancho Cordova (3 jobs).
- **MesoTech International** – an advanced manufacturing company expanded in Rancho Cordova. (42 jobs).
- **Premier Packaging Products** – a manufacturing company located in the City of Sacramento (15 jobs).
- **Prime Data Centers** – the data center expanded their business in Sacramento County (30 jobs).
- **Polarity –** an advanced manufacturing company expanded their business in Rancho Cordova (30 jobs).
- **Project Golden** – a mobility company located in Sacramento County (83 jobs).
- **Qnetic** – a battery manufacturing company located to Sacramento County (15 jobs).
- **Shenzhen LP Display Technology Company** – a technology company located to Sacramento County (30 jobs).

Commercial Development: In 2025, our Commercial Development team actively engaged with approximately 152 commercial, mixed-use, and residential project developers throughout our service area. Highlights for the year include:

- Outreach to builders and developers on 2030 Zero Carbon program opportunities
- High-profile and critical projects include transitional and low-income projects, and transformational and major developments projects across our service territory (Aggie Square, UC Davis Folsom South Medical Clinic, Amazon's Rancho Cordova Distribution Center, Nivagen's expansion in Natomas, and St. Clare at Capital Park.
- Commercial development received a significant increase in prospective large load inquires, predominantly from data centers due to artificial intelligence (AI), as it requires significant power delivered from large data centers.

Appendix F – SMUD's SEED Program

Economic Development and Partnerships (EDP's) increased engagement by 28% through:

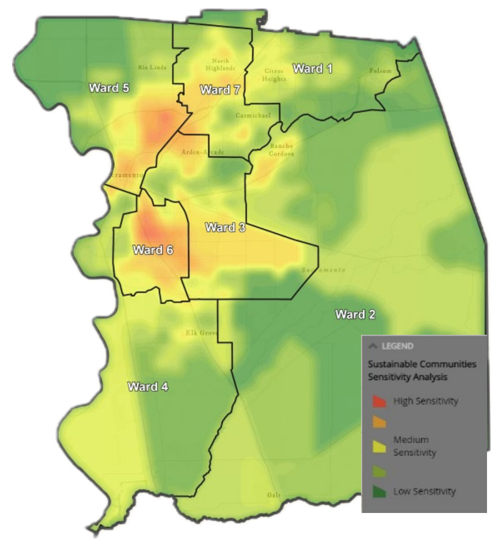
- 31 informational workshops
- Conducted SMUD outreach through 6 orientations or panel discussions
- Coordinating participation in 387 outreach events including 16 "How to do Business with SMUD," 9 "Proposal Writing 101" and 5 collaborative small business certification and SEED enrollment educational workshops
- Completing 25 business walks
- Transitioning to PlanetBids Vendor Portal, which vetted, refined and consolidated SEED vendor profiles and procurement solicitations within a single platform, creating a user-friendly platform, and reducing time spent on profile maintenance for SEED vendors. The new portal has streamlined processes, improved efficiency, and enhanced vendor participation and experience

As a result of these efforts, EDP educated more than 820 local vendors through our free educational workshops. The SEED team focused its efforts on the following key outreach initiatives:

- **Business Walks**: Economic Development and Partnerships conducted 25 business walks throughout the region with an emphasis on high-priority areas identified on the Sustainable Communities Resource Priorities Map. These business walks helped SMUD build trust through repeated customer outreach to more than 1,300 businesses, identify language barriers, promote Business District Electrification and increase SEED participation.
- **Expanded Education & Certification Support**: 2025 was the first full year EDP extended its three-part education series (How to do Business with SMUD, Proposal Writing 101 and DGS small business certification & SEED enrollment workshops) to local vendors and to members of our formal partnerships. As a result, EDP successfully introduced this free education to more than 800 local vendors.
- **Business Advisory Council (BAC):** SMUD's BAC helps champion a positive and strong relationship between SMUD and local small businesses, commercial and industrial customers. The BAC helps foster supplier diversity as well as a strong regional economy and improved quality of life. In 2025, approximately 149 SMUD contracts were awarded to members and affiliates of BAC member organizations, a 172% increase from the year prior and representing an estimated $207,678,020.05 in awarded contracts (including SEED and non-SEED recipients).
- **Economic Development Summit**: To further support regional business development, EDP facilitated its second annual Economic Development Summit, featuring partners who are key business leaders and offering insights into the region's economic health and strengthening collaboration among key stakeholders. Presenters included economic

development leaders from each jurisdiction within SMUD service area, GSEC and Aggie Square.

- **Meet the Buyers Conference**: SMUD's 14th Annual Meet the Buyers Conference returned in a hybrid format, attracting 328 attendees (259 in-person and 69 virtual attendees). The event featured a greeting by SMUD Board President, Gregg Fishman, two panel discussions and an expo of SMUD procurement and external business partner exhibitors. The event was well-reviewed by attendees and resulted in seven new SEED vendors registered and a 26% average increase in SMUD solicitation views.
- **SEED Marketing & Language Accessibility**: EDP added Pashto, Dari and Farsi to the growing list of in-language SEED materials. Now up to 13 languages, SEED material translations enhance accessibility and engagement and expand outreach to a broader audience.
- **Sustainable Communities Resource Priorities Map & Data-Driven Outreach**: SMUD's Sustainable Communities Resource Priorities Map helps inform resource allocation, reduce growing economic disparity in Sacramento County and ensures that all our customers are empowered and able to partner with SMUD on our journey to zero carbon. To support SMUD's commitment to an equitable clean energy transition, EDP integrated SEED awards and enrollment data into the Sustainable Communities Resource Priorities Map. The addition of SEED data helps SMUD identify enrollment and contract award trends by ward, enabling targeted outreach in areas with lower SEED participation.



- **SEED Quarterly Newsletter**: Economic Development & Partnerships relaunched the SEED newsletter in an updated format for SMUD employees to access through SharePoint. Content included SEED supplier success stories, recent contract awards, volunteer opportunities for SEED Ambassadors to promote the program at SMUD-sponsored event, and robust SEED program outcomes.

DRAFT

RESOLUTION NO. ___________

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

This Board accepts the monitoring report for **Strategic Direction SD-13, Economic Development**, substantially in the form set forth in **Attachment ___** hereto and made a part hereof.

SSS No. DPO 26-003	**BOARD AGENDA ITEM** **STAFFING SUMMARY SHEET**	Committee Meeting & Date Policy – 08/12/26 Board Meeting Date August 20, 2026

	TO		TO
1.	Claire Rogers	6.	
2.	Frankie McDermott	7.	
3.	Brandy Bolden	8.	
4.	Cara Chatfield	9.	**Legal**
5.	Suresh Kotha	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Amandeep Singh	Distribution Planning & Operations	EA.403	5631	07/17/26

NARRATIVE:

Requested Action: Accept the monitoring report for Strategic Direction SD-14, System Enhancement.

Summary: The purpose is to provide the Board with the annual update on SD-14, System Enhancement, for the year 2025. The information in the monitoring report could be used by the Board to determine if the policy needs to be revised or further developed. If so, those items could be scheduled for subsequent meetings.

Board Policy: *(Number & Title)* Strategic Direction SD-14, System Enhancement.

Benefits: Allows the Board of Directors a better understanding of Board Policies and gives them an opportunity to make revisions if necessary.

Cost/Budgeted: For 2025, the policy threshold was approximately $9.2 million, of which $2.0 million was budgeted for four specific projects. The 2025 actual spending was approximately $2.8 million.

Alternatives: Provide the Board written reports and communications through the CEO & General Manager.

Affected Parties: Energy Delivery & Operations

Coordination: Line Assets, Local Government Affairs

Presenter: Amandeep Singh, Director, Distribution Planning and Operations

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Strategic Direction SD-14, System Enhancement Board Monitoring Report	**6**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** July 30, 2026

FROM: Claire Rogers CR 7/30/26

SUBJECT: **Audit Report No. 28008029**
Board Monitoring Report; SD-14: System Enhancement

Internal Audit Services (IAS) received the SD-14 System Enhancement 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Paul Lau

DRAFT

Board Monitoring Report 2025
Strategic Direction
SD-14, System Enhancement

1. Background

Strategic Direction 14, the System Enhancement Board policy states that:

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of primary power lines below 69 kV.

a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:

   i) Identified, after consultation with SMUD, a specific system enhancement project;
   ii) Determined the project is in the public interest;
   iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
   iv) Obtained and provided SMUD with all easements necessary for the project.

b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):

   i) Project scale and/or cost when measured against available SMUD resources.
   ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
   iii) Extent to which the costs are borne by others.

2. Executive summary

The policy states that SMUD "*will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements.*" For 2025, this threshold was approximately $9.2 million.

SMUD **is in compliance** with SD-14, System Enhancement.

The planning and execution of SD-14 projects is typically a multi-year process that starts with a preliminary work scope that is used to determine a ballpark cost estimate, to the finalization of the work scope that includes a detailed design and detailed cost estimate. After necessary permits and easements are obtained, the project is released for execution/construction. Table 1 and 2 below show the committed projects, their status in 2025, and their design and construction schedules. The budget for these four multi-year projects were included in the approved operational plans and budgets.

Table 1: Committed Projects Completed in 2025

Local Jurisdiction	Project Title	Total Cost Estimate	2025 Project Budget	2025 Project Spend	Project Status
City of Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	$2,900K	$1,401K	$2,804K	Completed in Q3 2025

Table 2: Committed Projects in Progress

Local Jurisdiction	Project Title	Total Cost Estimate	2025 Project Budget	2025 Project Spend	Project Status
Sacramento County	Greenback Lane Road Improvements (0.8 miles)	$1,000K	$0K(a)	$13.5K	Design in 2026; Construction in 2028
City of Elk Grove	Elk Grove Blvd. Waterman to School St. (0.5 miles)	$1,500K	$643K(a)	$1.6K	Design in 2026; Construction in 2027
City of Sacramento	Arden Way Hesket Way to Morse Ave. (0.5 miles)	$750K	$0K(b)	$3.8K	Design in 2026; Construction in 2028

(a) The original schedule called for the project construction to start in 2022 but the local agency deferred construction to later years.

(b) New project approved in August 2024 for the City of Sacramento.

3. Additional supporting information

Since the adoption of the SD-14 policy, twelve projects have been funded through the policy for a total of $14.98 million. Table 3 below lists the projects completed by year.

Table 3: Completed Projects Since Policy Adoption

Local Jurisdiction	Project Description	SMUD Construction Completion	SMUD Project Cost
Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	2025	$2.92 M
Sacramento County	Fair Oaks Blvd Landis to Angelina (0.3 miles)	2021	$0.25 M
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 miles)	2021	$1.22 M
City of Sacramento	Sutter Village (~200 feet)	2019	$0.12 M
City of Sacramento	Ice Blocks Project R Street b/w 16th & 18th Streets (1,000 ft.)	2017	$0.47 M
Sacramento County	Hazel Avenue Phase 2 b/w Curragh Downs & Sunset Ave. (1 mile)	2017	$2.3 M
Sacramento County	Fair Oaks Blvd. b/w Landis Ave. & Engle Rd. (0.5 miles)	2016	$1.2 M
City of Sacramento	16th and O Streets (1,000 ft.)	2013	$0.3 M
Citrus Heights	Auburn Blvd. b/w Sylvan Corners & Rusch Park (1 mile)	2013	$2.6 M
Sacramento County	North Highlands Town Ctr. at Watt Ave. & Freedom Park Dr. (0.5 mile)	2012	$1.1 M
City of Sacramento	7th St. b/w North B & Richards Blvd. (1,500 ft.)	2012	$1.3 M
City of Sacramento	Richards Blvd. b/w North 5th & North 7th Streets (1,000 ft.)	2012	$1.2 M

4. Challenges

There were no challenges encountered with the implementation of the Board policy in 2025.

5. Recommendation

It is recommended that the Board accept the 2025 Monitoring Report for SD-14, System Enhancement.

6. Appendices

N/A

DRAFT

RESOLUTION NO. ____________

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

This Board accepts the monitoring report for **Strategic Direction SD-14, System Enhancement**, substantially in the form set forth in **Attachment ___** hereto and made a part hereof.

7

SSS No. LEG 2026-0085		Committee Meeting & Date: Finance & Audit – 08/18/26
		Board Meeting Date: August 20, 2026

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

TO		TO	
1.	Eric Poff	6.	
2.	Frankie McDermott	7.	
3.	Scott Martin	8.	
4.	Cara Chatfield	9.	**Legal**
5.	Jose Bodipo-Memba	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**		**Yes**	X	**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Joe Schofield	Legal Department	B406	5446	08/11/26

NARRATIVE:

Requested Action: Ratify the Chief Executive Officer and General Manager's execution of an emergency direct procurement contract between SMUD and W. A. Chester America, LLC, in the amount of up to $2.5 million for fault line and transition joint repair work for the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault. This work is vital to ensure reliable service and to onboard critical new load with a pressing need for service.

Summary: On August 1, 2026, a fault occurred in the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault and transition joint. W.A. Chester America, LLC (WA Chester) is one of the handful of contractors with the skillset to repair and install HPOF cable and the associated components. Upon discovery of the fault, staff took immediate action to mitigate. WA Chester will be able to mobilize crews to the site and begin repair work on August 20, 2026.

Through prudent planning and stewardship, SMUD's Warehouse Operations had the materials on-hand for the repair; however, staff is negotiating with the materials supplier to add two additional years to the material warranty (currently one-year from installation or two years from delivery).

The CEO executed the contract to ensure continuity of service and reliability.

Board Policy: *(Number & Title)* Strategic Direction SD-4, Reliability; Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Governance Process GP-3, Board Job Description

Benefits: SMUD's 115 kV Station E to Station G Line 1 Underground HPOF cable is expediently repaired and the line is energized to reestablish redundancy and to fulfill state obligations for increased power.

Cost/Budgeted: $2,500,000

Alternatives: Not approving this emergency direct procurement request contract will delay the needed repairs to the line and delay reestablishing redundancy back into the downtown network.

Affected Parties: Substations, Warehouse Operations, Supply Chain Services, SMUD Customers

Coordination: Executive Office, Substations, Supply Chain Services, Warehouse Operations, and Legal

Presenter: Joe Schofield, Deputy General Counsel

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Ratify Emergency Contract for Fault Line and Transition Joint Repair Work	7

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

RESOLUTION NO. ___________

WHEREAS, an emergency situation existed due to the unexpected fault in the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault and transition joint; and

WHEREAS, time is of the essence in repairing said cable fault to restore the line to service; and

WHEREAS, **W.A.Chester America, LLC (WA Chester)** is one of a handful of contractors in the world that has the skillset to repair and install HPOF cable and associated components; and

WHEREAS, **W.A. Chester** is familiar with the HPOF line and can provide the necessary resources, including expertise, required to minimize down time and move forward without delay to repair the underground cable fault and maintain system reliability; **NOW, THEREFORE**,

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

Section 1. This Board hereby ratifies the execution by the Chief Executive Officer and General Manager of an emergency direct procurement contract with **W.A. Chester America, LLC**, to provide labor and services necessary to repair the 115kV Station E to Station G Line 1 Underground high-pressure oil filled (HPOF) cable fault and transition joint, for the not-to-exceed amount of $2,500,000.

Section 2. The Chief Executive Officer and General Manager, or her designee, is authorized to make future changes to the terms and conditions of the contract that, in her prudent judgment: (a) further the primary purpose of the contract;

(b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.

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SSS No. SCS 26-145	**BOARD AGENDA ITEM** **STAFFING SUMMARY SHEET**	Committee Meeting & Date Finance & Audit – 08/18/26 Board Meeting Date August 20, 2026

TO		TO	
1.	Joe Schofield	6.	Jose Bodipo-Memba
2.	Eric Poff	7.	
3.	Frankie McDermott	8.	
4.	Cara Chatfield	9.	**Legal**
5.	Scott Martin	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	x	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Katherine Manne	Procurement	EA404	6175	07/23/26

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager, or her designee, to negotiate and award contracts to Sierra National Construction, Inc. (SNC) and Doug Veerkamp General Engineering, Inc. (Veerkamp) (collectively, the “Contracts”) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not-to-exceed amount of $250 million across the Contracts.

Summary: Request for Proposals No. 15735.KM (RFP) was issued in December 2025 to solicit qualified contractors to provide civil construction services. A pre-proposal conference was held on December 18, 2025. On March 6, 2026, 11 proposals were received and evaluated in accordance with the advertised criteria. Of the 11 proposals received, 10 were responsive. SMUD shortlisted the five highest rated Proposers for negotiations, which resulted in a price reduction of $20.9 million with SNC, and $2.1 million with Veerkamp. The final pricing from SNC and Veerkamp is highly competitive, and coupled with their technical score, supports the recommendation to award contracts to the two highest rated Proposers. Awarding two zero-dollar contracts with an aggregate amount of all tasks not-to-exceed $250 million for three years gives the business unit flexibility and mitigates the risk of work disruption. The result of the evaluation and award recommendations are shown below.

Board Policy: *(Number & Title)* Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development.

Recommendation: Award to the two Highest Evaluated Responsive Proposers: Sierra National Construction, Inc. and Doug Veerkamp General Engineering, Inc.

Proposers Notified by Procurement:	73
Proposers Downloaded:	71
Pre-Proposal Conference Attendance:	20
Proposals Received:	11

[continued on next page]

Responsive Proposals Received	P/F	SEED Points 10	Technical Points 50	Price Points 40	Total Score 100	Rank	Proposal Amount	Evaluated Proposal Amount	Proposed Award Amount
Sierra National Construction, Inc.	P	10.00	44.25	37.54	91.79	1	$262,987,910.00	$262,737,910.00	Not-To-Exceed $250,000,000 Aggregate Amount of all Task Authorizations
Doug Veerkamp General Engineering, Inc.	P	10.00	41.88	38.00	89.88	2	$244,543,744.49	$244,293,744.49	
Arrow Construction	P	10.00	45.00	34.24	89.24	3	$287,706,855.00	$287,456,855.00	
Mountain G Enterprises, Inc.	P	10.00	41.88	35.16	87.03	4	$279,152,820.00	$278,902,820.00	
Syblon Reid Contractors	P	10.00	40.38	35.50	85.88	5	$271,666,010.00	$271,416,010.00	
Shimmick Construction Company, Inc.	P	10.00	37.00	32.15	79.15	6	$288,626,583.71	$288,376,583.71	
Outback Contractors, Inc.	P	0.59	40.88	35.99	77.45	7	$255,423,638.54	$255,274,215.71	
Lund Construction Co.	P	2.90	38.75	33.49	75.13	8	$271,794,143.25	$271,544,143.25	
SR Diversified, LLC	P	-	30.00	38.68	68.68	9	$253,849,652.20	$253,849,652.20	
Underground Electric Construction Company, LLC	P	-	28.88	33.14	62.02	10	$257,996,241.08	$257,996,241.08	

Non-Responsive Proposals Received	Proposal Amount
Wampler Solutions, LLC	NA - Incomplete Proposal

Comments: Wampler Solutions, LLC submitted an incomplete proposal and was therefore deemed non-responsive.

Supplier Diversity Program: SNC was evaluated as a Supplier Education & Economic Development (SEED) prime and proposed to self-perform ~74% of the work, to subcontract ~19% to SEED verified subcontractors, and ~7% to non-SEED subcontractors. Veerkamp proposed to self-perform ~76% of the work, and will subcontract ~23% to SEED verified subcontractors, and ~1% to non-SEED subcontractors.

Benefits: The Contracts will provide SMUD with two qualified contractors to execute civil construction.

Cost/Budgeted: $250,000,000; Budgeted for 2026 through 2030 by Energy Delivery & Operations

Alternatives: Negotiate current contracts with incumbent vendors for an extended term and risk less competitive pricing.

Affected Parties: Energy Delivery & Operations, Supply Chain Services, and Contractor

Coordination: Energy Delivery & Operations, Supply Chain Services, and Legal

Presenter: Eric Poff, Director, Substation Telecommunications & Metering Assets

Additional Links:

DRAFT

RESOLUTION NO. ____________

WHEREAS, in December 2025, SMUD issued Request for Proposal No. 15735.KM (RFP) to solicit qualified firms to provide civil annual construction services; and

WHEREAS, 11 proposals submitted in response to the RFP were evaluated; **NOW, THEREFORE**,

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

Section 1. As a result of such examination, **Sierra National Construction, Inc. (SNC)** and **Doug Veerkamp General Engineering, Inc. (Veerkamp)** are hereby determined and declared to be the two highest evaluated responsive proposers for civil annual construction services.

Section 2. The Chief Executive Officer and General Manager, or her designee, is authorized, on behalf of SMUD, to negotiate and award contracts to **SNC** and **Veerkamp** (collectively, the **Contracts**) for Civil Annual Construction Services for the three-year period from September 1, 2026, to September 1, 2029, with two optional one-year extensions, for an aggregate not-to-exceed amount of $250,000,000 across the **Contracts**.

Section 3. The Chief Executive Officer and General Manager, or her designee, is authorized to make future changes to the terms and conditions of the **Contracts** that, in her prudent judgment: (a) further the primary purpose of the **Contracts**; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

SSS No. DES 26-004	BOARD AGENDA ITEM STAFFING SUMMARY SHEET	Committee Meeting & Date Finance & Audit – 08/18/26 Board Meeting Date August 20, 2026

TO		TO	
1.	Rachel Huang	6.	Jose Bodipo-Memba
2.	Brandy Bolden	7.	Scott Martin
3.	Frankie McDermott	8.	
4.	Joel Ledesma	9.	**Legal**
5.	Cara Chatfield	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Sophie Tongsopit	Distributed Energy Solutions	B305	N/A	07/09/26

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager, or her delegate, to negotiate and execute a 20-year solar photovoltaic (PV) Power Purchase Agreement (PPA) between SMUD and Forefront Power, LLC (Forefront), for a nominal 728.75 kW_{DC} solar parking canopy located at Grant Union High School in connection with the Grant Union High School Solar+Battery Microgrid Project, with a scheduled commercial operation date of November 4, 2027, a pre-payment of $1 million and a price of $0.1547/kWh, substantially in the form attached.

Summary: The PPA is part of the Grant Union High School Solar+Battery Microgrid Project that supports Grant Union High School and the neighboring community. SMUD and Forefront negotiated a mutually beneficial PPA under which SMUD will purchase the energy, capacity, and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs). The solar system size is 728.75 kW_{DC} and will be paired with a 800 kW/2000 kWh battery energy storage system (BESS) installed by another third party under a separate contract with SMUD. The solar PPA has a fixed price structure without escalation for the 20-year delivery term.

In partnership with the Twin Rivers Unified School District (TRUSD), the project will provide clean energy for community members, dispatchable BESS to support SMUD's grid during constrained, peak hours, and a microgrid-powered system to support the use of the school's gym as a shelter during extended power outages. The system includes a solar canopy that provides shade to the school's parking lot. The school district and the local community benefit from this project through a clean energy curriculum, local job creation, clean energy available from the SMUD Residential SolarShares Program, shaded parking to reduce urban heat island, and a vehicle-to-grid (V2G)-ready communication system.

The project will deliver approximately 1,100 MWh onto SMUD's distribution system annually and provide clean energy for approximately 200 income-qualified residents around the high school through SMUD's Residential SolarShares program.

Board Policy: *(Number & Title)* Strategic Direction SD-7, Environmental Leadership; Strategic Direction SD-9, Resource Planning; Strategic Direction SD-10, Innovation

Benefits: Local clean energy, improved community awareness and benefits, grid support, local electric resilience, learning from front-of-the-meter planning, operation, and control in support of the 2030 Zero Carbon Plan.

Cost/Budgeted: $1 Million upfront cost payment from Distribued Energy Solutions budget and PPA cost payment from SMUD's Commodity Budget. The expected annual energy cost will be $170,000 (based on the not-to-exceed price), with no escalation.

Alternatives: Procure solar energy from utility-scale projects but without the local benefits listed above.

Affected Parties: Distributed Energy Solutions, Energy Trading & Contracts, Commodity Risk Management, Customer Services, Settlements, and Legal

Coordination: Distributed Energy Solutions

Presenter: Rachel Huang, Director, Distributed Energy Solutions

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Solar PPA for Solar Parking Canopy at Grant Union High School	9

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

POWER PURCHASE AGREEMENT

BETWEEN

SACRAMENTO MUNICIPAL UTILITY DISTRICT

AND

FOREFRONT POWER, LLC

DATED: __________________, 2026

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POWER PURCHASE AGREEMENT
BETWEEN
SACRAMENTO MUNICIPAL UTILITY DISTRICT
AND
FOREFRONT POWER, LLC

This POWER PURCHASE AGREEMENT (the "Agreement") is made and entered into this __________ day of __________, 2026 ("Effective Date"), by and between the Sacramento Municipal Utility District ("SMUD"), and FOREFRONT POWER, LLC, a Delaware limited liability company ("Seller"). SMUD and Seller are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties".

A. Seller desires to interconnect and operate a solar photovoltaic system as described in Exhibit A ("Facility") with the SMUD Distribution System. Seller intends that, once constructed and commissioned, the Facility will qualify as a renewable energy generation resource.

B. The Parties wish to enter into this Agreement for the sale and purchase of Energy, Capacity, Capacity Attributes, and Environmental Attributes from the Facility directly to SMUD's distribution system.

C. As part of the transaction under this Agreement, SMUD has agreed to provide a $1 million prepayment to buy-down the Contract Price, to be paid upon achieving Commercial Operation.

D. This Agreement requires Seller to be a retail customer and to obtain retail electrical service from SMUD to serve all electrical loads at the premises identified in Exhibit A, except as otherwise permitted under SMUD's tariffs. This Agreement does not constitute an agreement by SMUD to provide retail electrical service to Seller. Such arrangements must be made separately between SMUD and Seller.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, and of other good and valuable considerations, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definition of Terms

Actual Annual Solar Insolation: The actual amount of solar insolation at the Site for each Contract Year, as reflected in the Solar Irradiance Data obtained from Solar Anywhere or other mutually agreeable third party, or derived using another mutually agreeable mechanism.

Adjusted Annual Energy Production or "AAEP": The Annual Energy Production adjusted for energy that was not delivered to SMUD. Any impact on production due to Force Majeure or curtailment of the Facility by SMUD shall adjust the AEP according to the following formula:

Adjusted Annual Energy Production =

AEP + Energy that could have been generated by the Facility and delivered to SMUD but for

i. Force Majeure,

ii. any curtailment of the Facility as a result of a System Emergency or as directed by SMUD, or

iii. breach or default under this Agreement by SMUD (without consideration to the giving of notice and/or lapse of time).

Adjusted Expected Annual Energy Production or "AEAEP": The Expected Annual Energy Production adjusted for Actual Annual Solar Insolation according to the formula set forth in the definition of Expected Annual Energy Production (EAEP). Any variance in the annual solar insolation from typical annual solar insolation shall adjust the EAEP according to the following formula:

Adjusted Expected Annual Energy Production (AEAEP) = EAEP * WPR.

Agreement: This Power Purchase Agreement.

Annual Energy Production or "AEP": For any particular Contract Year, the Annual Energy Production is equal to the total amount of Energy (as expressed in MWh) generated by the Facility and delivered to SMUD.

Ancillary Services: Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's transmission system in accordance with Good Utility Practice.

Bankrupt: Shall mean with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it which is not withdrawn or dismissed within ninety (90) days following such filing, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

Business Day: Any Monday through Friday, inclusive, but excluding days that are observed as business holidays by either Party or days that are NERC Holidays.

CAISO: The California Independent System Operator Corporation or its successor.

CAISO Balancing Authority Area: The system of transmission lines and associated facilities that is operated by the CAISO and for which the CAISO has operational control and responsibility for grid reliability.

CAISO Tariff: Shall mean the CAISO, Fifth Replacement FERC Electric Tariff (Open Access Transmission Tariff), as it may be amended, supplemented or replaced (in whole or in part) from time to time.

California Energy Commission or "CEC": The agency responsible for certifying eligible renewable resources and tracking the procurement of such resources.

California Renewables Portfolio Standard or "RPS": The standard, codified in Public Utilities Code (PUC) Sections 399.11 through 399.20, and Public Resources Code (PRC) Sections 25740 through 25751, as may be amended from time to time.

Capacity: The instantaneous ability of a generator to produce Energy (real power) at a specified output. Capacity is measured in megawatts ("MW") AC or kilowatts ("kW") AC.

Capacity Attributes: Any current or future defined characteristic, certificate, tag, credit, or Ancillary Service attribute, whether general in nature or specific as to the location or any other attribute of the Facility, intended to value any aspect of the Contract Capacity of the Facility to produce energy or Ancillary Services, including, but not limited to, any accounting construct so that the full output of the Facility may be counted toward a Resource Adequacy requirement or any other measure by an entity invested with the authority under federal or state law, to require SMUD to procure, or to procure at SMUD's expense, Resource Adequacy or other such products. Notwithstanding the foregoing, Capacity Attributes do not include Environmental Attributes or Tax Attributes.

Commercial Operation: The period of operation of the Facility once the Commercial Operation Date has occurred.

Commercial Operation Date: The date specified in the Commercial Operation Date Confirmation Letter on which the Facility shall conform to the requirements for Commercial Operation.

Commercial Operation Date Confirmation Letter: A letter that the Parties execute and exchange in accordance with this Agreement, the form of which is attached as Exhibit E.

Commercially Reasonable Efforts: When capitalized, has the meaning given in Section 3.1.2.

Contract Capacity: The Contract Capacity (as described in MWac) is the maximum amount of Capacity that shall be provided from the Facility to SMUD at the Delivery Point. Contract Capacity is measured at the Delivery Point and is net of any Station Service Loads, any applicable Facility step-up transformer losses, and where applicable, transmission and distribution losses up to the Delivery Point.

Contract Price: The price paid by SMUD to Seller for Energy, Capacity, Capacity Attributes, and Environmental Attributes from the Facility. The Contract Price for the Products is shown in Exhibit B.

Contract Year: Any of the one-year periods during the Delivery Term, with the first Contract Year commencing on the Commercial Operation Date and expiring twelve (12) months after the last day of the first calendar month in which the Commercial Operation Date occurs, and each subsequent Contract Year commencing on the applicable anniversary of the first day of the first calendar month after the Commercial Operation Date occurs.

Cost: Cost has the meaning set forth in Section 8.4.

Cure Plan: Cure Plan has the meaning set forth in Section 8.3.4.

Cure Plan Year: The Contract Year addressed by the Cure Plan following the two (2) consecutive Contract Year period in which Seller has failed to perform under Section 8.3.4.

Delay Damages: The compensation paid by Seller to SMUD due to a failure of Seller to meet the Scheduled Commercial Operation Date pursuant to Section 2.3.7.

Delivery Point: The specified physical point of interconnection of the Facility to the SMUD Distribution System, as identified in Exhibit A, where SMUD accepts title to the Products as described herein.

Delivery Term: The period of the Agreement from the Commercial Operation Date through the full term of the Agreement as defined in Section 2.3.1.

Dispatchability: The ability of a generating unit to be shut down, or have decreased generation, at the request of a utility's system operator. "Dispatch" shall mean to cause the output from a generating unit to be curtailed (in whole or in part) or to terminate the curtailment (in whole or in part) of such generating unit.

Distribution Service: Service provided by SMUD that utilizes SMUD's Distribution System, either to deliver power to retail electric customers, and which may be used to transmit power from the Facility to the SMUD's high voltage transmission system.

Electric System: The integrated electric generation, transmission, and distribution facilities owned or controlled by an electric utility.

Eligible Renewable Energy Resource or "ERR": An Eligible Renewable Energy Resource as defined in California Public Utilities Code Section 399.12 and California Public Resources Code Section 25471, as either code may be amended or supplemented from time to time, as defined in the CEC Renewables Portfolio Standard Eligibility Guidebook, as may be amended or supplemented from time to time.

Energy: Electrical energy delivered with the voltage and quality required by SMUD in accordance with the Interconnection Agreement, and measured in megawatt-hours (MWh) or kilowatt-hours (kWh).

Environmental Attributes: All Environmental Attributes and Green Attributes, as those terms are defined in D.08-08-028 of the California Public Utilities Commission, as may be amended, and all renewable energy credits as that term is defined under Section 399.12 of the California Public Utilities Code, as may be amended, all Renewable and Environmental Attributes as defined by WREGIS, as well as any credits, carbon benefits, carbon emission reductions, carbon offsets or allowances, howsoever entitled, attributed to the electrical energy produced at the Facility recognized under Assembly Bill 32 Global Warming Solutions Act of 2006, as may be amended. Notwithstanding the foregoing, Environmental Attributes do not include Capacity Attributes or Tax Attributes.

Expected Annual Energy Production or "EAEP": The Energy that the Facility can be expected to produce during a typical year of operation, factoring in typical weather patterns, expected fuel availability, etc. The EAEP for each Contract Year is set forth in Exhibit C.

Facility: The anaerobic digester(s), electric generator(s) and associated equipment from which the Products delivered or scheduled hereunder shall be generated.

FERC: The Federal Energy Regulatory Commission or any successor government agency.

Financing Party: as applicable (i) any Person (or its agent) from whom Seller (or an affiliate of Seller) leases the Facility, (ii) any Person (or its agent) who has made or will make a loan to or otherwise provides financing to Seller (or an affiliate of Seller) with respect to the Facility, or (iii) any Person acquiring a direct or indirect interest in Seller or in Seller's interest in this Agreement or the Facility as a tax credit investor or purchasing the tax credits from the Facility.

Forced Outage: An unplanned outage of one or more of the Facility's components that results in a reduction of the ability of the Facility to produce Energy, and that is not the result of a Force Majeure.

Force Majeure: An event or circumstance that prevents or delays the ability of one Party from performing obligations under this Agreement, and which is not in the reasonable control of, or the result of negligence of, the Party claiming Force Majeure, and which the claiming Party is unable to overcome or cause to be avoided by the exercise of due diligence. Force Majeure shall include the following events, to the extent consistent with the prior sentence: (a) an act of nature, riot, insurrection, war, explosion, labor dispute, fire, any effect of unusually severe natural elements (including flood, earthquake, volcanic eruption, storm, tornados, hurricanes, fires, lightning, tsunami, backwater caused by flood, explosion, or other natural disaster or weather-related events), act of the public enemy (whether declared or not), terrorism, or epidemic; or (b) interruption of transmission or generation services as a result of a System Emergency (and not congestion-related or economic curtailment) not caused by the fault or negligence of the Party claiming Force Majeure and reasonably relied upon and without a reasonable source of substitution to make or receive deliveries hereunder, civil disturbances, strike, work stoppage, sabotage, labor disturbances, labor or material shortage, national emergency, court order or other action by a public authority or governmental agency that prevents a Party from fulfilling its obligations under this Agreement (excluding, with respect to any claim by SMUD, any action or inaction of the SMUD Board of Directors, and excluding any court order or action applied for or assisted in the application for, and not opposed to the extent reasonable by, the Party claiming Force Majeure). Under no circumstances shall either Party's financial incapacity, Seller's inability or failure to maintain the Facility's status as a Eligible Renewable Energy Resource, Seller's ability to sell Energy, Capacity, Capacity Attributes, or Green/Environmental Attributes at a more favorable price or under more favorable conditions or SMUD's ability to acquire Energy, Capacity, Capacity Attributes, or Green/Environmental Attributes at a more favorable price or under more favorable conditions or other economic reasons constitute an event of Force Majeure. The term "Force Majeure" does not include Forced Outages to the extent such are not caused or exacerbated by an event of Force Majeure as described above, nor does it include Seller's inability to obtain financing, permits, or other equipment and instruments necessary to plan for, construct, or operate the Facility.

Integral Station Service Load: That subset of Station Service Load that is so integrated with the Facility design that it is not feasible for SMUD to meter and serve such demand during Facility operations on a stand-alone basis.

Interconnection Agreement: The agreement between SMUD and Seller specific to the interconnection of the Facility to the SMUD Distribution System.

Interconnection Facilities: The equipment and facilities as described in more detail in the Interconnection Agreement specific to the interconnection of the Facility to the SMUD Distribution System.

Interest Rate: Shall be the lesser of (a) 4% plus the "prime rate" of interest as published on that date in the *Wall Street Journal*, and generally defined therein as "the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks," or if the *Wall Street Journal* is not published on a date for which such interest rate must be determined, the "prime rate" published in the *Wall Street Journal* on the nearest-preceding date on which the *Wall Street Journal* was published, or if the *Wall Street Journal* is no longer in publication, such other similar interest rate reasonably agreed to by the Parties, and (b) the highest rate permitted under applicable law.

Maximum Hourly Energy Delivery: The maximum Energy (MWH) that SMUD will make payment for in any hour, which is equal to Contract Capacity * 1 hour.

Minimum Annual Energy Production or "MAEP": The amount equal to 90% of the Expected Annual Energy Production (EAEP) for each Contract Year as set forth in Exhibit C.

Monthly Settlement Amount: Shall have the meanings set forth in Sections 1.1.1 and 2.4.1(a).

MWh (Megawatt-hours): A unit of energy measurement corresponding to 1,000 kilowatt-hours.

NERC: The North American Electric Reliability Corporation, or any successor organization.

NERC Holidays: Days that NERC establishes as holidays for electric energy trading.

NP-15: The zone within the CAISO Balancing Authority Area designated as North of Path 15 by the CAISO for congestion settlement purposes.

NP-15 EZ Gen Hub Price: The real-time hourly locational marginal price as published by the CAISO for generator transactions in the NP-15 zone of the CAISO.

Party/Parties: SMUD and Seller are referred to individually as a "Party" and collectively as "Parties."

Person: An individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, firm, or other entity, or a governmental authority.

Planned Outage: An outage that has been scheduled in advance of one or more of the Facility's components that results in a material reduction of the ability of the Facility to produce Energy.

Portfolio Content Category 1 or "PCC-1": Renewable energy comprised of Energy and Environmental Attributes meeting the criteria defined by the CEC Renewables Portfolio Standard Eligibility Guidebook, for Portfolio Content Category 1, as may be amended or supplemented from time to time, and meeting any applicable regulations promulgated by the CEC.

Products: The Energy, Capacity, Capacity Attributes, and Environmental Attributes that are generated by the Facility and delivered to the Delivery Point under this Agreement.

Project: means the development, design, engineering, procurement, construction, installation, ownership, operation and maintenance of the Facility, together with all interconnections, appurtenant systems, improvements and associated equipment necessary or useful for the generation and delivery of the Products under this Agreement.

Prudent Utility Practice: Those practices, methods and acts that would be implemented and followed by prudent operators of electric energy generating facilities in the Western United States, similar to the Facility, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with prudent business practices, reliability, and safety. Seller acknowledges that the use of Prudent Utility Practice by Seller does not exempt Seller from any obligations set forth in this Agreement.

Prudent Utility Practice includes, at a minimum, those professionally responsible practices, methods and acts described in the preceding paragraph that comply with manufacturers' warranties, restrictions in this Agreement, the interconnection requirements of SMUD, the requirements of governmental authorities, and WECC and NERC standards.

Prudent Utility Practice also includes taking reasonable steps in accordance with the first sentence of this definition to ensure that:

a) Equipment, materials, resources, and supplies, including spare parts inventories, are available to meet the Facility's needs;

b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Facility and emergencies whether caused by events on or off the Site;

c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long-term and safe operation of the Facility, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;

d) Appropriate monitoring and testing are performed to ensure equipment is functioning as designed;

e) Equipment is not operated in a reckless manner, in violation of manufacturer's guidelines or in a manner unsafe to workers, the general public, or the connecting utility's Electric System or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and equipment and components are designed and manufactured to meet or exceed the standard of durability that is generally used for similar electric energy generating facilities operating in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Site and under both normal and emergency conditions.

Real-Time Price: Shall mean the Resource-Specific Settlement Interval LMP as defined in the CAISO Tariff. If there is more than one applicable Real-Time Price for the same period of time, Real-Time Price shall mean the price associated with the smallest time interval.

Renewable Energy Credit or "REC": A certificate of proof issued by WREGIS that an Eligible Renewable Energy Resource has generated one megawatt hour (MWh or 1,000 kWh) of electricity. A REC shall also have the same meaning as in California Public Utilities Code Section 399.12(h). Currently RECs are used to convey Environmental Attributes associated with electricity production by a renewable energy resource. For purposes of this Agreement, the term REC shall be synonymous with bundled or unbundled renewable energy credit, tradable renewable energy certificates, WREGIS certificate, or any other term used to describe the documentation that evidences the renewable and Environmental Attributes associated with electricity production by an Eligible Renewable Energy Resource.

Resource Adequacy: A requirement by a governmental authority or in accordance with its FERC-approved tariff, or a policy approved by a local regulatory authority, that is binding upon either Party and that requires such Party procure a certain amount of electric generating Capacity.

RPS Certification: A certification by the CEC that the Facility is eligible for the purposes of the California Renewables Portfolio Standard, and that all Energy produced by the Facility, net of Station Service Load, qualifies as generation from an Eligible Renewable Energy Resource.

RPS Compliance Cap: When capitalized, has the meaning given in Section 3.1.2.

Scheduled Commercial Operation Date (SCOD): The planned Commercial Operation Date of the Facility set forth in Exhibit A.

Scheduling: The act of producing, or relating to the production of, a schedule for the delivery, production or use of Energy, Capacity, Ancillary Services and/or distribution or transmission that is in compliance with applicable requirements.

Seller: The Party so identified in the preamble of this Agreement, and its permitted successors and assigns.

Site: means the location of the Facility.

SMUD: The Sacramento Municipal Utility District.

SMUD Distribution System: The wires, transformers, and related equipment used by SMUD to deliver electric power to SMUD's retail customers typically at sub-transmission level voltages or lower.

SMUD Revenue Meter: A revenue meter operated by SMUD that determines the amount of Energy produced by the Facility.

SMUD Service Territory: The geographical area in which SMUD is the provider of Distribution Service, which includes, as of the date hereof, virtually all of Sacramento County and a small part of neighboring Placer County.

Solar Irradiance Data: Data used for measuring solar insolation comprising global horizontal irradiance (GHI, W/m^2), diffuse horizontal irradiance (DHI, W/m^2), and direct normal irradiance (DNI, W/m^2), and as otherwise agreed upon by the Parties.

Station Service Load: The electrical loads associated with the operation and maintenance of the Facility that may at times be supplied from the Facility Energy.

System Emergency: Any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission or distribution facilities or generation supply or that could adversely affect the reliability or integrity of the Bulk Electric System, SMUD Electric System, or an Electric System owned or controlled by a non-SMUD entity. As used in this definition of System Emergency, with respect to any action that may or must be taken, or judgment or determination of a Party, such action or judgment shall be exercised, or such determination shall be made, (i) in good faith, (ii) where applicable, in accordance with Prudent Utility Practice, and (iii) in a non-arbitrary and non-capricious. System Emergency includes:

(a) That in SMUD's or Seller's reasonable judgment will likely endanger life or property;

(b) That in the reasonable judgement of SMUD, is imminently likely to cause a material adverse effect on the security of, or damage to, SMUD's Electric System, SMUD's Interconnection Facilities or the Electric Systems of others entities to which the SMUD Electric System is directly connected;

(c) An imminent condition or situation, which jeopardizes SMUD's Electric System reliability or integrity, or the reliability or integrity of other Electric Systems to which the SMUD is connected, or

(d) That in the reasonable judgment of Seller, is imminently likely to cause a material adverse effect on the security of, or damage to, the Facility or Seller's Interconnection Facilities. System restoration or black start shall be considered a System Emergency; provided, however, that the Facility shall not be obligated to possess black start capability.

Tax Attributes: means any state, local, or federal production tax credit, tax deduction, depreciation, accelerated depreciation, investment tax credit, or other tax benefit or attribute (including any grant) associated with the production of renewable energy or investments in renewable energy facilities, including, without limitation, the production tax credits under Section 45 of the Internal Revenue Code, and the investment tax credits established pursuant to Section 48 of the Internal Revenue Code, whether existing now or in the future.

Termination Event: When capitalized, has the meaning given in Section 8.3.

Termination Payment: means either the SMUD Termination Payment or the Seller Termination Payment, as applicable.

Typical Annual Solar Insolation: The typical annual solar insolation at the Site, derived from Solar Irradiance Data provided from Solar Anywhere, or other mutually agreeable third party, covering the 15 year period from January 2011 through December 2025, or derived from another mutually agreeable mechanism to measure annual solar insolation, such as the Typical Meteorological Year 3 (TMY3) data file from the U.S. Department of Energy's National Laboratory of the Rockies's National Solar Radiation Database, for surface radiation (SURFRAD) at a location near the Site. The Typical Annual Solar Insolation is set forth in Exhibit D.

Weather Performance Ratio (WPR): means, for each Contract Year, the ratio of the Actual Annual Solar Insolation at the Site to the Typical Annual Solar Insolation for the Site, expressed as:

WPR = Actual Annual Solar Insolation / Typical Annual Solar Insolation

The Weather Performance Ratio shall be used to calculate AEAEP to reflect year-to-year variations in solar resource and shall only apply if less than 1.00.

WECC: The Western Electricity Coordinating Council, which is the regional entity responsible for coordinating and promoting bulk electric system reliability in the western United States and western Canada, or any successor organization.

WREGIS: The Western Renewable Energy Generation Information System, sponsored by WECC and utilized by the CEC for tracking the generation and transfer of RECs, or any successor renewable energy tracking system sponsored by WECC and utilized by the CEC for implementing California's RPS, including tracking the generation and transfer of REC's.

2. Facility; Purchase and Sale of Products.

2.1 Facility and Contract Capacity.

2.1.1 This Agreement governs SMUD's purchase of Energy, Capacity, Capacity Attributes, and Environmental Attributes from the

Facility as described in Exhibit A. The Contract Capacity of the Facility is shown in Exhibit A. Seller shall not modify the Facility to increase the Contract Capacity without the agreement of SMUD. The Energy and, to the extent applicable, Capacity, Capacity Attributes, and Environmental Attributes to be purchased under this Agreement are described in Exhibit B.

2.1.2 The Parties acknowledge that the certain permitting constraints at the Site are unknown as of the date hereof, and once determined, may affect the final Contract Capacity and/or Scheduled Commercial Operation Date. Accordingly, notwithstanding any provision of this Agreement to the contrary:

(a) Seller shall have the right to decrease the Contract Capacity to no less than 600kW$_{AC}$ upon written notice to SMUD delivered at least one (1) month prior to the Scheduled Commercial Operation Date without any changes to the Contract Price or the other terms and conditions set forth in this Agreement. Seller shall provide notice of the same to SMUD. Upon any revisions to the Contract Capacity and/or Scheduled Commercial Operation Date in accordance with this Section 2.1, Exhibits B, C, and D attached to this Agreement shall be amended to reflect the new Contract Capacity and/or other Agreement terms, as applicable.

2.2 Products Purchased. During the Delivery Term, Seller shall sell and deliver, or cause to be delivered, to the Delivery Point and SMUD shall purchase and receive, or cause to be received, at the Delivery Point all Products generated by the Facility that are described in Exhibit B, pursuant to the terms and conditions of this Agreement. Energy shall be supplied only from the Facility, and shall be supplied from the Facility whenever available. Pursuant to the terms and conditions of this Agreement, Seller agrees to sell to SMUD the Facility's gross output of Energy in kilowatt-hours, net of Integral Station Service Load and transformation and transmission losses to the Delivery Point (which shall be provided from Facility output). Whenever Facility Energy is insufficient, Seller shall purchase Energy required to serve the Facility's on-site load from SMUD pursuant to SMUD's applicable retail rate schedule. In no event shall Seller have the right to procure Energy, Contract Capacity, Capacity Attributes, or Environmental Attributes from sources other than the Facility for sale or delivery of Products to SMUD under this Agreement or to substitute such Energy, Contract Capacity, Capacity Attributes, or Environmental Attributes. Notwithstanding any provision of this Agreement to the contrary, Seller shall be the owner of all (and shall not convey to SMUD under this Agreement) any Capacity Attributes, Environmental Attributes or Tax Attributes associated with, or arising from, the Facility, and/or this Agreement.

2.3 Delivery Term, Delivery Point, and Commercial Operation.

2.3.1 Delivery Term. The Delivery Term shall commence on the Commercial Operation Date under this Agreement and continue for twenty (20) years following the first day of the first calendar month after the Commercial Operation Date. The Parties may mutually agree to extend this Agreement for a renewal term of fifteen (15) years at a renewal rate of $0.2600/kWh.

2.3.2 No Product Substitution. In no event shall Seller have the right to procure Energy, Contract Capacity, Capacity Attributes, or

Environmental Attributes from sources other than the Facility for sale or delivery of Products to SMUD under this Agreement or to substitute such Energy, Contract Capacity, Capacity Attributes, or Environmental Attributes.

2.3.3 Scheduled Commercial Operation Date. The Scheduled Commercial Operation Date of the Facility is shown in Exhibit A.

2.3.4 Requirements for Commercial Operation. The Commercial Operation Date shall occur on the latest date on which both of the following conditions have been satisfied:

(a) The Facility is operating and is in compliance with applicable interconnection and system protection requirements required under the Interconnection Agreement; and

(b) The first day, retroactively determined at the conclusion of a successful 168 hour continuous operation test that Seller had demonstrated the Facility is capable of delivering Energy and the Contract Capacity at the Delivery Point on a reliable and continuous basis, with the exception of normal daily shut-down (if any). Seller shall provide test results for review and certification by a California registered professional electrical engineer (PE), who will submit a letter to SMUD, including the PE stamp, certifying acceptance of the test data; and stating that all Facility components were operating continuously, with the exception of normal daily shut-down (if any) as designed throughout the 168-hour continuous operation test.

2.3.5 Notice of Commercial Operation. Seller shall provide SMUD with written notice of Commercial Operation for SMUD's review when the Facility has satisfactorily completed the requirements for Commercial Operation.

2.3.6 Commercial Operation Date Confirmation Letter. Upon satisfaction of the requirements for Commercial Operation, SMUD shall execute and then provide to Seller for execution, the Commercial Operation Date Confirmation Letter. Both Parties shall retain a fully executed copy of the Commercial Operation Date Confirmation Letter.

2.3.7 Payment for Delay of Commercial Operation. If the Facility fails to achieve Commercial Operation on or before the Scheduled Commercial Operation Date, then Seller shall pay SMUD Delay Damages of \$250/MW_{AC} for every day the Facility does not achieve Commercial Operation after the Scheduled Commercial Operation Date and until Commercial Operation is achieved; provided that the Delay Damages shall not exceed the amount of project development security provided by Seller per Section 9.1, and Seller shall not owe SMUD Delay Damages, and the Scheduled Commercial Operation Date shall be extended on a day for day basis, for delays was caused by (i) Force Majeure, (ii) a delay in completion of Interconnection Facilities required for the Facility if such delay was caused by an act or omission of SMUD or otherwise despite the commercially-reasonable efforts of Seller, or

(iii) a breach or default under this Agreement by SMUD (without consideration to the giving of notice and/or lapse of time).

2.3.8 Payment for Deficit Damages.

(a) Subject to Section 2.1.2 of this Agreement, if the Facility achieves Commercial Operation on at least ninety percent (90%), but less than one hundred percent (100%), of the Contract Capacity for the Facility set forth in Exhibit A, then Seller will not have any obligation to pay Delay Damages and will have 365 days following the Scheduled Commercial Operation Date to commence Commercial Operation for the remaining Contract Capacity of the Facility, provided that such date shall be extended on a day for day basis, for delays was caused by (i) Force Majeure, (ii) a delay in completion of Interconnection Facilities required for the Facility if such delay was caused by an act or omission of SMUD or otherwise despite the commercially-reasonable efforts of Seller, or (iii) a breach or default under this Agreement by SMUD (without consideration to the giving of notice and/or lapse of time). If, following such 365 day period, less than one hundred percent (100%) of the Contract Capacity for the Facility set forth in Exhibit A has achieved Commercial Operation, then (a) Seller shall forfeit, and SMUD shall have the right to retain, a portion of the project development security provided by Seller per Section 9.1 equal to the product of (i) $20,000, multiplied by (ii) the Contract Capacity (measured in MW_{AC}) set forth on Exhibit A less the Contract Capacity (measured in MW_{AC}) of the Facility for which Commercial Operation has occurred, and (b) Exhibits A, C, and D shall be automatically updated to the installed capacity of the Facility for which Commercial Operation has occurred.

(b) The Parties acknowledge and agree that the damages that SMUD would incur due to Seller's delay in achieving Commercial Operation by the Scheduled Commercial Operation Date based on one hundred percent (100%) of the Contract Capacity would be difficult or impossible to predict with certainty; it is impractical and difficult to assess actual damages in the circumstances stated; and the amounts that may be owed by Seller pursuant to Section 2.3.7 and this Section 2.3.8 represent a fair and reasonable calculation of such damages. Accordingly, notwithstanding any provision herein to the contrary, the termination of this Agreement pursuant to Section 8.3.1 and receipt of the amounts owed pursuant to Section 2.3.7 and this Section 2.3.8 shall be SMUD's sole and exclusive remedy if the Facility fails to achieve Commercial Operation on or before the Scheduled Commercial Operation Date as provided in Section 2.3.7, or if Commercial Operations are achieved for less than one hundred percent (100%) of the Contract Capacity as provided in this Section 2.3.8.

2.4 Payment for Products Purchased.

2.4.1 Contract Price after Commercial Operation Date.

(a) Except as may otherwise be set forth in Exhibit B and subject to Section 2.4.1(b), once the Facility has achieved Commercial Operation, SMUD shall pay Seller for the Products purchased by multiplying the Contract Price (shown in Exhibit B) by the sum of applicable hourly Energy quantity as metered at the Delivery Point (such amount as determined on a monthly basis, also a "Monthly Settlement Amount").

(b) Except as provided in Section 2.4.6 to the contrary, in the event of a time period in which the Renewable Energy Credits corresponding to the Products delivered by the Facility are not received by SMUD as a result of the gross negligence or willful misconduct of Seller, and after being made aware of such failure, Seller is not attempting, in good faith, to reconcile such failure with WREGIS and the CEC, except as otherwise set forth in Exhibit B, SMUD shall discount the price paid for that Product for which corresponding WREGIS Certificates are not received by the difference between the applicable hourly Contract Price and the applicable hourly NP15 EZ Gen Hub Price.

2.4.2 Energy in Excess of Contract Capacity. Seller shall not receive payment for Product delivered in any hour to SMUD in excess of the Maximum Hourly Energy Delivery.

2.4.3 System Losses. All Products specified herein are amounts as provided at the Delivery Point, and Seller is responsible for all losses to the Delivery Point. Energy produced by the Facility, which is interconnected to the SMUD Distribution System, shall be measured using a SMUD Revenue Meter located at the Delivery Point.

2.4.4 Title and Risk of Loss. Title to, control of, and risk of loss related to the Products produced from the Facility shall transfer from Seller to SMUD at the Delivery Point. Seller warrants that it will deliver to SMUD all Products from the Facility free and clear of all liens, security interests, claims and encumbrances, or any interest therein or thereto by any person arising prior to the Delivery Point. Notwithstanding the foregoing, SMUD acknowledges that Seller or Seller's Financing Party shall be the legal and beneficial owner of the Facility at all times.

2.4.5 Invoice Payments.

(a) Following the end of each calendar month, Seller shall deliver to SMUD an invoice (a "Monthly Invoice") showing Seller's calculation of the Monthly Settlement Amount owed by SMUD under this Agreement, SMUD shall pay the amounts in each Monthly Invoice within thirty (30) calendar days following SMUD's receipt of such Monthly Invoice. SMUD shall pay Seller by check or Automated Clearing House transfer, and any amounts that are not paid by SMUD when due hereunder shall bear interest at the Interest Rate from the date due until the date paid. For any other payments required hereunder, the relevant party shall submit an invoice to the other party for payment within thirty (30) calendar days following such receiving party's receipt of such invoice.

(b) If either Party, in good faith, disputes any amount due pursuant to an invoice rendered hereunder, such Party shall notify the other Party of the specific basis for the dispute and, if the invoice shows an amount due, shall pay that portion of the statement that is undisputed, on or before the due date. If any amount disputed by such Party is determined to be due to the other Party, or if the Parties resolve the payment dispute, the amount due shall be paid within five (5) days after such determination or resolution, along with interest at the Interest Rate from the original date due until the date paid.

2.4.6 True-up for Failure to Deliver Environmental Attributes within 6 Months of COD. If, within six (6) months following the Commercial Operation Date, Seller has not obtained RPS Certification and fails to deliver in WREGIS, Renewable

Energy Credits equal to the hourly metered quantity at the Delivery Point for all deliveries during the six (6) month period commencing on the Commercial Operation Date, Seller shall pay SMUD the difference between the applicable hourly Contract Price (set forth on Exhibit B) paid by SMUD pursuant to Section 2.4 and the applicable hourly NP-15 EZ Gen Hub Price for the corresponding difference between metered quantities and Renewable Energy Credits not received; provided that SMUD shall extend such six (6) month period for an additional six (6) months if Seller is, in good faith, attempting to reconcile the shortfall with WREGIS and the CEC, as applicable, and the shortfall is not due to Seller's action(s) or inaction(s). If and to the extent that Seller reconciles such delivery of Renewable Energy Credits in WREGIS with the hourly metered quantity at the Delivery Point within the established time period (i.e., 6 or 12 months), Seller shall then receive the full Contract Price for metered quantities of energy received with the Renewable Energy Credits delivered in WREGIS.

2.4.7 Annual Production Guarantee; Facility Performance Adjustment.

(a) Seller shall follow Prudent Utility Practices as well as all manufacturers' guidelines and warranty requirements in operating and maintaining the Facility and shall make commercially reasonable repairs identified through compliance with the foregoing requirements in a reasonably timely manner.

(b) Within 30 days after the end of each Contract Year, Seller shall submit records of annual Facility curtailment data and any record of Force Majeure, which SMUD shall reconcile with its own records of curtailment and Force Majeure, in order to calculate the AAEP for such Contract Year.

(c) Within 30 days after the end of the Contract Year, Seller shall provide an annual report of the actual annual solar insolation data for SMUD's review and use in calculating the AAEP and the Minimum Annual Energy Production.

(d) If, at the end of any Contract Year, the combined Adjusted Annual Energy Production (AAEP) for such Contract Year is less than ninety percent (90%) of the Adjusted Expected Annual Energy Production (AEAEP) for such Contract Year, other than as a result of the acts or omissions of SMUD (including curtailment), or an Event of Force Majeure (any such period of disruption, a "Disruption Period"), Seller shall credit SMUD an amount equal to SMUD's Lost Savings on the next invoice or invoices during the following Contract Year, up to the Lost Savings Cap. The formula for calculating Lost Savings for the applicable Contract Year is as follows:

Lost Savings = (AEAEP-AAEP) x (Contract Price)

Contract Price = the kWh Rate in effect for the applicable Contract Year(s), measured in $/kWh.

Lost Savings Cap = Facility size (DC) as installed in megawatts, multiplied by $30,000. For the avoidance of doubt, the Lost Savings Cap is applicable to each Contract Year

Any Lost Savings payment shall occur no later than sixty (60) days after the end of the Contract Year during which such Lost Savings occurred.

3. Required Certifications and Qualifications.

3.1 RPS Certification.

3.1.1 SMUD requires that all renewable energy sold under this Agreement (not including an amount of Energy equal to the Facility's Station Service Load) will meet the state of California's RPS requirements. At its own expense, Seller shall obtain RPS Certification of the Facility with the California Energy Commission (CEC). Seller shall file an application with the CEC for RPS Certification as soon as possible but in no event later than ten (10) business days after receipt of the Commercial Operation Date Confirmation Letter from SMUD, and shall provide the CEC all information necessary to verify this RPS claim.

3.1.2 Subject to the terms and conditions of this Section 3.1, Seller shall maintain RPS Certification throughout the Delivery Term, and ensure that throughout the Delivery Term, Products from the Facility (not including Products associated with an amount of Energy equal to the Facility's Station Service Load) meet the criteria defined by the CEC Renewable Portfolio Standard Eligibility Guidebook for Portfolio Content Category 1; meet the criteria of California Public Utilities Code 399.16(b)(1); and ensure that the electricity and RECs from the Facility are bundled according to the applicable CEC RPS Eligibility Guidebook; provided, however, that notwithstanding any provision herein to the contrary, if there is a change in law or CEC rule, regulation, or determination after Seller obtains initial RPS certification that causes the Facility to no longer maintain RPS Certification, the Products from the Facility to no longer comply with the requirements of this Agreement related to the state of California's RPS requirements (including the criteria in California Public Utilities Code 399.16(b)(1)) or Seller to no longer be able to deliver through WREGIS the amount of Environmental Attributes contemplated hereunder, then Seller will not be obligated to comply with the requirements of this Agreement for the Facility to maintain RPS Certification, the Products from the Facility to comply with the requirements of this Agreement related to the state of California's RPS requirements (including the criteria in California Public Utilities Code 399.16(b)(1)) or Seller to deliver through WREGIS the amount of Environmental Attributes contemplated hereunder, so long as Seller takes all commercially-reasonable and necessary action ("Commercially Reasonable Efforts") to oppose any change of law, CEC rule, or regulation to the extent Seller has knowledge of the same, that diminishes the value of Environmental Attributes delivered under this Agreement for the purpose of maintaining PCC-1 status of delivered RECs, which action shall not require Seller to incur any cost or expense in excess of $25,000 in any Contract Year or $50,000 in the aggregate over the Delivery Term (such amount, the "RPS Compliance Cap").

3.1.3 Notwithstanding anything in this Agreement to the contrary, Seller shall not be in breach or default of this Agreement, SMUD shall not have the right to terminate, or exercise any remedies under, this Agreement and SMUD shall continue to purchase Energy and the other Products from the Facility and pay the full Contract

Price, if Seller's failure to maintain RPS Certification or if failure of the Renewable Energy Credits to conform to the requirements of this Agreement is due to a change in California law or CEC rule, or regulation, or determination occurring after the Facility has obtained RPS certification, so long as the Seller has used Commercially Reasonable Efforts, and Seller's action(s) or inaction(s) did not contribute to its inability to maintain RPS Certification.

3.2 Environmental Attribute Delivery Obligation. Subject to the terms and conditions of this Agreement and to the extent that Seller is selling and SMUD is purchasing Environmental Attributes under this Agreement, Seller shall deliver, and SMUD shall receive from Seller, all rights, title, and interest in such Environmental Attributes associated with Energy produced by the Facility and delivered to SMUD at the Delivery Point, whether now existing or that hereafter come into existence during the Delivery Term; provided that, except as provided in Section 3.1 to the contrary, pursuant to Section 2.4.1(b), SMUD may pay Seller a discounted purchase price for any Environmental Attributes associated with any amount of Energy that is not considered RPS-eligible by the CEC, or for Environmental Attributes that are not delivered to SMUD in WREGIS. Seller agrees to sell to SMUD all such Environmental Attributes to the fullest extent allowable by applicable law, and to convey the same to SMUD in accordance with the procedures in Exhibit H. Seller warrants that all Environmental Attributes sold and delivered to SMUD pursuant to this Agreement shall be free and clear of all liens, security interests, claims and encumbrances.

3.3 WREGIS Registration. Documentation of Environmental Attributes sold to SMUD under this Agreement shall be tracked through WREGIS. Seller shall assign rights to register the Facility in WREGIS to SMUD, such that RECs sold to SMUD are deposited directly into SMUD's WREGIS account. Except as provided in Exhibit H to the contrary, Seller shall be responsible for all WREGIS costs and fees associated with the issuance and/or creation of WREGIS RECs for the Facility, and SMUD shall be responsible for any fees associated with the transfer and/or retirement of such WREGIS RECs to SMUD. RECs sold to SMUD under this Agreement shall be provided monthly for all Energy produced from the contracted renewable resource (not including an amount of Energy equal to the Facility's Station Service Load), evidencing that SMUD has exclusive rights to the Renewable Attributes and Environmental Attributes.

3.4 Additional Evidence of Environmental Attribute Conveyance. At SMUD's reasonable request, Seller shall provide additional reasonable evidence to SMUD or to third parties of SMUD's right, title, and interest in Environmental Attributes sold under this Agreement and information with respect to such Environmental Attributes.

3.5 Modification of Environmental Attribute Reporting and Conveyance Procedure. SMUD shall revise Exhibit H as appropriate, shall give notice to Seller regarding the revision, and shall issue a new Exhibit H which shall then become part of the Agreement, in order to reflect changes necessary in the Environmental Attribute conveyance procedure for SMUD to be able to receive and report the Environmental Attributes purchased under the Agreement as belonging to SMUD, in the event that:

3.5.1 WREGIS changes the WREGIS Operating Rules after the Effective Date or applies the WREGIS Operating Rules in a manner inconsistent with Exhibit H after the Effective Date; or

3.5.2 WREGIS is replaced as the primary method that SMUD uses for conveyance of Environmental Attributes, or additional methods to convey all Environmental Attributes are required.

In no event will such revised Exhibit H cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

3.6 Reporting of Ownership of Environmental Attributes. Seller shall not report to any Person or entity that the Environmental Attributes sold and conveyed hereunder to SMUD belong to anyone other than SMUD, and SMUD may report under any such program that such Environmental Attributes purchased hereunder belong to it.

3.7 Greenhouse Gas (GHG) Emissions. Seller shall bear all liability for reporting any and all GHG emissions from the Facility, and for any compliance obligations under federal, state (including AB 32) and local laws for such emissions.

4. Conveyance of Capacity Attributes.

4.1 Conveyance of Capacity Attributes. Seller shall provide to SMUD any attestation SMUD requires in order for SMUD to show evidence that it has procured the Capacity Attributes associated with the Facility in accordance with the procedure in Exhibit F. At SMUD's reasonable request, Seller shall execute such documents and instruments as may be reasonably required to affect recognition and transfer of the Capacity Attributes.

4.2 Reporting of Ownership of Capacity Attributes. Seller shall not report to any Person or entity that the Capacity Attributes sold and conveyed hereunder to SMUD belong to anyone other than SMUD, and SMUD may report under any such program that such Capacity Attributes purchased hereunder belong to it.

4.3 Modification of Capacity Attribute Conveyance Procedure.

4.3.1 SMUD shall revise Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F which shall then become part of the Agreement, in order to reflect changes necessary in the Capacity Attribute conveyance procedure for SMUD to be able to receive and report the Capacity Attributes purchased under the Agreement as belonging to SMUD.

4.3.2 In no event will such revised Exhibit F cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

4.4 Compliance Cost Cap. Notwithstanding any provision herein to the contrary, the Parties acknowledge and agree that the cost and expense to Seller of complying with its obligations in Section 3.1 or Section 4 of this Agreement shall not exceed the amount of the RPS Compliance Cap.

4.5 Energy Imbalance Market. The Parties acknowledge and agree that as of the date hereof, SMUD participates in the Western Energy Imbalance Market ("WEIM") and intends to participate in the Extended Day Ahead Market ("EDAM"), and SMUD's participation in the WEIM or EDAM shall not result in Seller incurring any additional cost, liability, or obligation, or any increased cost, liability, or obligation, for which Seller is not already otherwise obligated under this Agreement. If in the future the CAISO changes its EIM and/or EDAM rules and/or policies (or replacement market), the Parties shall meet and confer to discuss the new market rules and whether updates to the scheduling, settlements, or other procedures are required.

5. Interconnection; Telemetering. SMUD will reimburse Seller for interconnection and telemetering costs up to $300,000, as more particularly described in the Interconnection Agreement. To the extent such costs are expected to exceed $300,000, the Parties will in good faith negotiate an amendment to this Agreement that allocates such excess costs between the Parties (which may be in the form of an increase to the Contract Price).

5.1 Interconnection Agreement and Interconnection Costs

Seller shall execute an Interconnection Agreement with SMUD.

5.1.1 In accordance with, and subject to the terms and conditions of, the Interconnection Agreement: Seller assumes responsibility for any and all costs related to interconnection of the Facility to an agreed-upon Delivery Point; subject to adjustment as provided in the attached Exhibit B, Seller agrees to incur those costs set forth in the Interconnection Agreement which are the customary requirements that SMUD imposes upon similar generators interconnected to the SMUD Distribution System. Notwithstanding the foregoing, Seller shall comply with any modifications, amendments or additions to the applicable tariff and protocols.

5.1.2 During the Delivery Term, Seller shall arrange and pay independently for any and all costs owed by Seller under the Interconnection Agreement with SMUD. To make deliveries to SMUD, Seller must maintain an Interconnection Agreement with SMUD in full force and effect.

5.2 No Additional Loads; Facility Storage. Seller shall not connect any loads not associated with Integral Station Service Loads at the location of the Facility in a manner that would reduce the Energy provided from the Facility to SMUD hereunder. Seller shall obtain separate retail electric service under existing SMUD tariffs for the service of any such additional loads. Notwithstanding the foregoing, Seller may add storage at the Site during the Term of this Agreement, with the size and scope of such storage subject to agreement by the Parties.

5.3 Telemetering and Telemetering Costs

The Facility will require telemetering back to SMUD's energy management system. SMUD will cover the upfront cost of interconnection and telemetering, while Forefront Power will be responsible for the ongoing costs of telemetering.

5.3.1 Real-time (2 Second) data to be transmitted to SMUD from Seller. The following data shall be transmitted by Seller to SMUD on a real time basis:

(a) Energy (MWh);

(b) Facility total output, MW and MVAR;

(c) Status of 12kV breaker; and

(d) Additional data required at SMUD's reasonable discretion, and can be reasonably provided with the equipment then-installed at the Facility.

5.3.2 Data to be transmitted to Seller from SMUD. The following information shall be transmitted by SMUD to Seller as provided herein:

(a) Control signal sent by SMUD Energy Management System for Dispatchability; and

(b) Set point limiting the MW output of the Facility.

5.3.3 Facility Data. Seller shall provide historical energy production by the System (in kWh or MWh) to SMUD upon request or pursuant to any schedule reasonably requested by SMUD. For the purpose of forecasting Facility energy production, SMUD has the right to share such data with SMUD's contractors.

6. Permitting; Standard Of Care; Operations; Curtailment.

6.1 Permitting. Seller shall be responsible for obtaining and maintaining all required permits and other governmental approvals for the construction, ownership and operation of the Facility. SMUD shall reasonably cooperate with Seller to obtain or issue (if applicable) such approvals in the name of Seller.

6.2 Standard of Care.

6.2.1 Seller shall pay and be responsible for designing, installing, operating, and maintaining the Facility in accordance with all applicable laws and regulations, and shall comply with all applicable WECC, FERC, and NERC provisions, and Prudent Utility Practice, including applicable interconnection and telemetering requirements as set forth in the Interconnection Agreement, and the generally applicable requirements of SMUD set forth in SMUD's tariff, rules, and regulations.

6.2.2 Seller shall: (a) operate and maintain the Facility in a safe manner in accordance with the Interconnection Agreement, manufacturer's guidelines, warranty requirements, and Prudent Utility Practice, including applicable standards of the

National Electric Code (NEC), Institute of Electrical and Electronic Engineers, American National Standards, and the Underwriters Laboratories (UL), and in accordance with the requirements of all applicable federal, state and local laws and the National Electric Safety Code, as such laws and codes may be amended from time to time; and (b) maintain any governmental authorizations and permits required for the construction and operation thereof. Seller shall make any necessary and commercially reasonable repairs with the intent of optimizing (to the extent commercially reasonable) the availability of electricity from the Facility to SMUD pursuant to this Agreement.

6.3 Operation of the Facility. Subject to the terms and conditions of this Agreement, Seller shall operate the Facility in accordance with Prudent Utility Practice. Seller has an obligation to use commercially-reasonable efforts to maximize the availability of the Facility in accordance with Prudent Utility Practice. Seller may interrupt or reduce deliveries due to Force Majeure, curtailment by SMUD, curtailment as a result of a System Emergency, Planned Outages, and Forced Outages. Seller may not schedule or take any Planned Outages in the months of June through September, unless otherwise agreed by SMUD in writing or required by Prudent Utility Practice. Seller shall take commercially-reasonable measures in accordance with Prudent Utility Practice to minimize the frequency and actual duration of Planned Outages. All Planned Outages shall be scheduled in advance. Except as permitted in this Agreement to the contrary, Seller shall not modify the Facility to increase the Contract Capacity unless agreed upon by SMUD.

6.4 Notice Following Outage or Curtailment. In the monthly settlements process, following any outage or any curtailment directed by SMUD, SMUD will provide Seller a notice describing such curtailment or outage upon seller's request. SMUD shall provide such additional information concerning any curtailment claimed to be due to a System Emergency as Seller may reasonably request.

6.5 SMUD Performance Excuse. SMUD shall not be obligated to accept or pay for Energy produced by or Capacity provided from the Facility during a Force Majeure event that prevents SMUD's ability to accept Energy from the Facility.

6.6 SMUD Curtailment Due To a System Emergency

SMUD may require Seller to curtail, interrupt, or reduce deliveries of Energy if SMUD reasonably determines that curtailment, interruption, or reduction is necessary because of a System Emergency. For SMUD-directed Dispatch curtailments due to a System Emergency, SMUD will not compensate Seller for Energy curtailedIn the event of a Dispatch curtailment by SMUD due to a System Emergency, SMUD shall, whenever possible, give Seller reasonable notice of the possibility that the interruption or reduction of deliveries may be required, and shall use commercially reasonable efforts to minimize the impact thereon on Facility operations and to minimize the duration of the curtailment period.

6.7 "Off-Grid" Production. In the event that utility grid power becomes unavailable and when a properly configured grid-forming voltage source establishes a microgrid with sufficient power output, the Facility will be capable of power production and inverter curtailment via received Volt-VAR and Volt-Watt adjustment signals as required to operate in conjunction with the grid-forming voltage source.

6.8 Interconnection Agreement.

6.8.1 A Party shall not have any liability, and such Party shall be excused from its performance obligations under this Agreement, to the extent that such Party fails to perform due to the failure of the other Party to perform its obligations under the Interconnection Agreement.

6.8.2 In the event that either the Interconnection Agreement is terminated as a result of a default by SMUD or Seller thereunder, the defaulting party under the Interconnection Agreement shall be considered to be in default of this Agreement. Under these circumstances, the non-defaulting Party shall have all rights and remedies available to it under this Agreement as a result of such default.

7. Scheduling and Forecasting; Outages; Access Rights.

7.1 Scheduling and Forecasting. The Facility is located within the SMUD Service Territory, and SMUD will make its own forecasts of Facility Energy production for use in its Scheduling process. SMUD shall be solely responsible for all Scheduling of the Product and, except as otherwise expressly provided herein, all associated penalties, fees, liabilities, costs, and expenses.

7.2 Planned Outages. For the purposes of this Agreement an anticipated maintenance outage shall constitute a Planned Outage. Planned Outages may only be taken upon thirty (30) days written notice to SMUD. Seller shall provide Planned Outage notifications in accordance with the Outage Notification Procedure detailed in Exhibit G.

7.3 Forced Outages. Seller shall provide Forced Outage notifications in accordance with the Outage Notification Procedure detailed in Exhibit G.

7.4 Modification of the Available Capacity Scheduling Requirements and Outage Notification Procedure. Upon mutual consent of both Parties, SMUD shall modify Exhibit G to reflect changes necessary in the Available Capacity Scheduling Requirements and Outage Notification Procedure, give written notice to Seller regarding the revision, and issue a new Exhibit G which shall then become part of the Agreement to reflect changes in the Outage Notification Procedure.

7.5 Access Rights. SMUD and its authorized agents, employees and inspectors, shall have the right to inspect the Facility on reasonable advance notice during normal business hours and for any purposes reasonably connected with this Agreement or the exercise of any and all rights secured to SMUD by law or its tariff schedules. SMUD and its authorized agents, employees and inspectors must (a) at all times adhere to all reasonable safety and security procedures as may be required by Seller; and (b) not interfere with the operation of the Facility. SMUD shall make reasonable efforts to coordinate its emergency activities with the safety and security departments, if any, of the Facility operator. Seller shall keep SMUD informed of current procedures for communicating with the Facility operator’s safety and security departments.

8. Term, Termination Event and Termination.

8.1 Term. The term of this Agreement (the "Term") shall commence upon the last execution by the duly authorized representatives of each of SMUD and Seller, and shall remain in effect until the conclusion of the Delivery Term, unless terminated sooner pursuant to the terms of this Agreement.

8.2 Events of Default; Remedies.

8.2.1 Either Party (each in such capacity, a "Defaulting Party," and the other Party, the "Non-Defaulting Party") shall be in breach or default of its obligations under this Agreement if: (a) the Defaulting Party fails to make, when due, any payment required under this Agreement if such failure is not remedied within three (3) Business Days after receipt of notice from the Non-Defaulting Party; (b) any representation or warranty made by such Defaulting Party herein is false or misleading in any material respect when made, and such failure is not cured within ten (10) days after receipt of notice from the Non-Defaulting Party (or such longer period not to exceed sixty (60) days if the failure is not capable of being cured within such ten (10) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial ten (10)-day period); (c) the Defaulting Party fails to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate default under this Section 8.2.1), if such failure is not remedied within thirty (30) days of receipt of notice from the Non-Defaulting Party (or such longer period not to exceed sixty (60) days if the failure is not capable of being cured within such thirty (30) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial thirty (30)-day period); and/or (d) the Defaulting Party becomes Bankrupt.

8.2.2 Except as otherwise expressly provided in this Agreement, including, without limitation, under Sections 2.3.7 and 2.3.8, following a breach or default by a Defaulting Party, the Non-Defaulting Party shall have the right to (a) terminate this Agreement by providing notice of such termination to the Defaulting Party, which termination shall be effective on a day no earlier than five (5) days after such notice is deemed to be received (as provided in Section 15) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 15) (except as provided in Section 8.3 to the contrary), *provided that* termination of this Agreement because of a default described in Section 3.2 shall be effective upon Seller's receipt (or deemed receipt) of SMUD's notice of termination; and the Defaulting Party shall pay the Non-Defaulting Party a Termination Payment calculated in accordance with Section 8.5 or 8.6, as applicable. If the Non-Defaulting Party fails to terminate this Agreement under clause (a) of this paragraph by notice to the Defaulting Party within six (6) months following the Non-Defaulting Party's declaration of a breach or default (or, with respect to a default described in Section 3.2, within six (6) months following the expiration of the cure period described in Section 3.2), then the Non-Defaulting Party shall be deemed to have waived its rights to terminate this Agreement pursuant to clause (a) of this paragraph with respect to such breach or default, but not with respect to any subsequent breach or default. If the Non-Defaulting Party elects to terminate this Agreement under clause (a) of this paragraph, then the sole and exclusive remedy available to the Non-Defaulting Party shall be the Termination Payment calculated in accordance with Section 8.5 or 8.6, as applicable. Notwithstanding any provision herein to the contrary, if Seller commits a breach or default under this Agreement prior to the Commercial Operation Date, SMUD's sole remedy in respect of such breach or default shall be to terminate this Agreement and retain the amounts paid by Seller, and then-held by SMUD, pursuant to Section 9.1 of this Agreement.

8.3 Termination Rights. SMUD shall have the right but not the obligation to terminate this Agreement if any of the following occur, each of which is a "Termination Event":

8.3.1 Failure to achieve Commercial Operation. Subject to Section 2.3.8, in the event Seller fails to achieve Commercial Operation of the Facility on or prior to the date that is 180 days after the Scheduled Commercial Operation Date, then SMUD shall have the right, but not the obligation, to terminate this Agreement. To exercise this right, SMUD shall provide Seller with a 60-day advance written notice. If Seller achieves the Commercial Operation Date prior to the end of the 60-day notice period, SMUD may not exercise its right to terminate the Agreement. The Scheduled Commercial Operation Date shall be extended on a day for day basis if Seller's failure to achieve Commercial Operation in the designated timeframe was caused by any one of the following: (a) Force Majeure, (b) a delay in completion of the Interconnection Facilities required for the Facility caused by an act or omission of SMUD or otherwise despite the commercially-reasonable efforts of Seller, or (c) a breach or default (without consideration to the giving of notice and/or lapse of time) under this Agreement by SMUD.

8.3.2 Failure to sell or deliver Energy. If, after the Commercial Operation Date, Seller has not sold or delivered Energy from the Facility to SMUD for a period of twelve (12) consecutive months other than as a result of (a) Force Majeure, (b) a breach or default of this Agreement by SMUD, or (c) or a curtailment by SMUD, then SMUD shall have the right to terminate this Agreement.

8.3.3 Failure to obtain RPS Certification. In the event Seller fails to obtain RPS Certification for the Facility by the California Energy Commission within six (6) months of the Commercial Operation Date, then SMUD shall have the right to terminate this Agreement; provided that, such six (6) month period shall be extended for up twelve (12) additional months if Seller is, in good faith, pursuing such certification and presents to SMUD a reasonable proposal laying out those steps that Seller will take in order to obtain such certification as quickly as reasonably possible, for acceptance by SMUD, which acceptance shall not be unreasonably withheld.

8.3.4 Site Easement. Seller loses access to the Project Site due to a default by Seller under the Site easement.

8.3.5 Failure to maintain RPS Certification. Subject to Sections 3.1 and 4.5, in the event the failure to maintain RPS Certification is due to Seller's failure to use commercially reasonable efforts to maintain RPS Certification, then SMUD shall have the right to terminate this Agreement; provided, however, that (a) to exercise this right, SMUD shall provide Seller with a 60 day cure period, and SMUD may not exercise its right to terminate the Agreement if Seller uses commercially reasonable efforts to correct the failure to maintain the RPS Certification during such 60 day period, and (b) in accordance with Section 3.1.3, Seller shall not be in breach of this Agreement, and SMUD shall not have the right to terminate this Agreement, if Seller's failure to maintain RPS Certification is due to a change in California law or CEC rule, regulation, or determination occurring after the Facility has obtained RPS certification, so long as the Seller has used commercially reasonable efforts to maintain RPS Certification, and Seller's action(s) or inaction(s) did not contribute to its inability to maintain RPS Certification.

8.4 Declaration of a Termination Event. If a Termination Event has occurred, SMUD shall have the right to: (a) send notice, designating a day, no earlier than five (5) days after such notice is deemed to be received (as provided in Section 15) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 15) (unless, in each case, a longer notice period is set forth in Section 8.3), as an early termination date of this Agreement ("Early Termination Date") unless the Parties have agreed to resolve the circumstances giving rise to the Termination Event; (b) except for a termination as elsewhere provided in this Agreement to the contrary, calculate the Termination Payment in accordance with Section 8.5 owed in connection with such Termination Event; and (c) terminate this Agreement and end the Delivery Term effective as of the Early Termination Date.

8.5 Termination Payment Calculation.

8.5.1 If a Termination Event occurs or if this Agreement is terminated following a breach or default as provided in Section 8.2 of this Agreement and Seller is the Defaulting Party, in each case ultimately resulting in termination of the Agreement, a "Seller Termination Payment" shall be determined in accordance with this Section 8.5. The Seller Termination Payment shall be the sole and exclusive monetary remedy of SMUD for such termination. For the avoidance of doubt, the Seller Termination Payment applies to both a pre-COD termination and a termination during the Delivery Term for a Termination Event, but not in the case of a termination pursuant to Section 8.8 hereof.

8.5.2 If Seller terminates the Agreement prior to the Commercial Operation Date for a breach or default by SMUD, the "SMUD Termination Payment" shall be determined in accordance with this Section 8.5. The SMUD Termination Payment shall be the sole and exclusive monetary remedy of Seller for such termination.

8.5.3 The Termination Payment payable by the Defaulting Party to the Non-Defaulting Party shall equal: (i) Non-Defaulting Party's "Loss" if any, as calculated under Section 8.5.3(a) below and limited to actual, direct, and demonstrable damages, and discounted to present value as set forth under Section 8.5.3(b) below; plus (ii) Non-Defaulting Party's "Cost" actually incurred and not avoided as calculated under Section 8.5.1(c) below; which will then be aggregated with any amounts owed to the Non-Defaulting Party as of the Early Termination Date, and any set-offs to which Defaulting Party is entitled as set forth under Section 8.5.3(d) below. If the

Termination Payment as so calculated would be less than zero, it shall be deemed to be zero.

(a) The Parties intend that Non-Defaulting Party's Loss shall be the net economic loss, actually suffered (exclusive of Costs), if any, resulting directly from the termination of the Agreement, determined in a commercially reasonable manner and after giving effect to the duty to mitigate, as calculated in accordance with this Section 8.5. The Loss, if any, suffered by Non-Defaulting Party shall be determined by comparing the value of the remaining term, applying the lesser of (i) the Adjusted Annual Energy Production for the most recently completed Contract Year, or (ii) the Minimum Annual Energy Production, and the Contract Price for each year of the remaining term under the Agreement had it not been terminated to the market value of a commercially reasonable replacement transaction, determined using prevailing market data and, to the extent available, good faith, non-binding price indications obtained from non-affiliated market participants. For clarity, the Non-Defaulting Party's Loss equals the amount, if positive, by which the market price of replacement Energy, Capacity Attributes, and Environmental Attributes exceeds the Contract Price therefor giving effect to mitigation. To ascertain the market value of a replacement contract, the Non-Defaulting Party may consider publicly available market indices, bona fide third-party offers, or comparable transactions, in each case adjusted in a commercially reasonable manner for differences in product, term and delivery. It is expressly agreed that Non-Defaulting Party shall not be required to enter into replacement transactions in order to determine the Termination Payment.

(b) The Loss calculated under paragraph (a) shall be discounted to present value using a discount rate of 6.25% as of the time of termination (to take into account the period between the time notice of termination was effective and when such amount would have otherwise been due pursuant to this Agreement).

(c) Non-Defaulting Party's Costs shall be calculated as the sum of the brokerage fees, commissions and other similar transaction costs and expenses actually and reasonably incurred and directly attributable to terminating and replacing the Agreement, including, reasonable transmission costs associated with any replacement contract, if any, incurred in connection with Non-Defaulting Party enforcing its rights with regard to the Agreement. Non-Defaulting shall use reasonable efforts to mitigate or eliminate Costs. Consistent with Section 19.2, each Party shall pay and be responsible for their own attorney fees.

(d) Non-Defaulting Party shall add any amounts owed by the Defaulting Party to the Non-Defaulting Party as of the Early Termination Date to, and shall set-off any amounts owing by the Non-Defaulting Party to the Defaulting Party as of the Early Termination Date against, the Termination Payment so that all such amounts are aggregated and/or netted to a single amount. The net amount due shall be paid within thirty (30) Business Days following the effective date of termination, or, if the Parties disagree regarding the calculation of the Termination Payment, the date that the Parties agree on the Termination Payment pursuant to Section 8.5.4 below.

(e) In no event, however, shall the calculation of Loss or Costs include any penalties or similar charges imposed by the Non-Defaulting Party or any consequential, indirect, punitive, or exemplary damages.

8.5.4 If the Defaulting Party reasonably disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, the calculation issue shall be resolved in accordance with Section 19 of this Agreement.

8.6 SMUD Termination Payment Calculation. If this Agreement is terminated following a breach or default as provided in Section 8.2 of this Agreement during the Delivery Term and SMUD is the Defaulting Party, the "SMUD Termination Payment" shall be determined in accordance with the table set forth in this Section 8.6.

The SMUD Termination Payment under this Agreement shall be calculated in accordance with the following:

Early Termination Occurs in Contract Year:	**SMUD Termination Payment ($/Wdc including costs of removal)**	**SMUD Termination Payment ($/Wdc, does not include costs of removal)**
1	$5.23	--
2	$4.67	--
3	$4.19	--
4	$3.78	--
5	$3.39	--
6	$3.36	$2.86
7	$3.33	$2.83
8	$3.30	$2.80
9	$3.27	$2.77
10	$3.24	$2.74
11	$3.21	$2.71
12	$3.18	$2.68
13	$3.16	$2.66
14	$3.13	$2.63
15	$3.10	$2.60
16	$3.07	$2.57
17	$3.04	$2.55
18	$3.02	$2.52
19	$2.99	$2.49
20	$2.96	$2.47

8.7 Termination pre-COD for SMUD Default. Prior to the Commercial Operation Date, if this Agreement is terminated following a breach or default as provided in Section 8.2 of this Agreement and SMUD is the Defaulting Party, the SMUD Termination Payment shall be determined in accordance with Section 8.5.

8.8 Seller Termination Right prior to COD. Seller shall have the right to terminate this Agreement upon ten (10) Business Days prior written notice to SMUD, for any of the following reasons, in which event SMUD shall retain all of the project development security then held by SMUD pursuant to Section 9.1 of this Agreement as SMUD's sole and exclusive remedy for such termination:

8.8.1 There exist Site conditions (including environmental conditions) or construction requirements that were not known as of the Effective Date and that could reasonably be expected to increase the cost of Facility installation by more than $93,500.

8.8.2 There is a material adverse change in the regulatory environment, incentive program or federal or state tax code (including the expiration of any incentive program or tax incentives in effect as of the Effective Date) that could reasonably be expected to adversely affect the economics of the installation for Seller.

8.8.3 Seller is unable to obtain financing for the Facility on terms and conditions reasonably satisfactory to it, including as a result of Buyer's creditworthiness or failure to meet Financing Party requirements.

8.8.4 Seller has not received, in form and substance reasonably satisfactory to Seller: (1) a fully executed easement in substantial form of Exhibit K of this Agreement, (2) written release, subordination, non-disturbance, or acknowledgement from any mortgagee, lienholder, or other party holding an encumbrance or security interest in the Site, to the extent reasonably required by Seller or its Financing Party, confirming the priority of Seller's security interest in the Facility and non-interference with Seller's rights throughout the Term, and (3) evidence that the Site is free from covenants, conditions and restrictions (CCRs), easements, or other land-use conditions, liens, or encumbrances that could materially impair or prevent Seller's rights of access, installation operation, maintenance or removal of the Facility, or Seller's ability to grant or maintain Seller's rights with respect to the Site as contemplated under this Agreement.

8.8.5 Seller has not received evidence reasonably satisfactory to it that interconnection services will be available by SCOD with respect to energy generated by the Facility.

8.8.6 There has been a material adverse change in Buyer's credit-worthiness, including a downgrade by two or more credit-rating levels (or notches) by a nationally recognized rating agency as applicable (including Moody's, Standard & Poor, or Fitch) or if Buyer is not publicly rated, a decline of two or more equivalent rating levels (or notches) in Seller's commercially reasonable internal credit rating assessment of Buyer, unless Buyer has provided Seller with reasonably acceptable credit support within ten (10) Business Days of request.

8.9 Release of Liability for Termination Event After 12 Months. Upon termination of this Agreement, the indemnity provision shall remain in effect for a period of 12 months following such early termination.

9. Creditworthiness.

9.1 Project Development Security. Within 30 days of the date this Agreement is executed, Seller shall provide an installment of project development security of $40/kW_{AC}$ in the form of cash, Letter of Credit, or guaranty acceptable to SMUD, which will be held and maintained until the start of the Delivery Term or the earlier termination of this Agreement, and thereafter released and/or returned to Seller, or at Seller's request, applied to the Delivery Term Security.

9.2 Delivery Term Security. Prior to commencement of the Delivery Term, Seller to provide Delivery Term Security of $75/kW_{AC}$ in the form of cash, Letter of Credit, or guaranty acceptable to SMUD, which will be held and maintained by SMUD for the duration of the Delivery Term or the earlier termination of this Agreement, and thereafter released and/or returned to Seller.

10. Insurance. Seller shall comply with the insurance requirements of the attached Exhibit J, which requirements shall apply to the Seller and its successors and assigns.

11. Force Majeure.

11.1 Effect of Force Majeure. SMUD or Seller, as the case may be, shall be excused from performance under this Agreement, except for the payment of money, to the extent, but only to the extent, that performance hereunder is prevented by an act or event of Force Majeure. The Party invoking Force Majeure shall exercise due diligence to overcome or mitigate the effects of such an act or event of Force Majeure; provided, however, that nothing in this Agreement shall be deemed to obligate the Party invoking Force Majeure (a) to forestall or settle any strike, lock-out or other labor dispute against its will; or (b) for Force Majeure affecting Seller only, to purchase electric power to cure the event of Force Majeure.

11.2 Notice of Force Majeure. In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party invoking Force Majeure shall, as soon as practicable under the circumstances, notify the other Party in writing of the nature, cause, date of commencement thereof and the anticipated extent of any delay or interruption in performance.

11.3 Termination Due to Force Majeure Event. If a Party is prevented from performing its material obligations under this Agreement for a period of twelve (12) consecutive months or longer due to Force Majeure, the unaffected Party may terminate this Agreement, without liability of either Party to the other, upon thirty (30) days written notice at any time during the Force Majeure event.

12. Indemnity.

12.1 Indemnity by Seller. Seller shall defend, release, indemnify and hold harmless SMUD, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees, resulting from, or arising out of or in any way connected with claims by third parties associated with or relating to: (i) the Energy delivered up to the Delivery Point; (ii) Seller's operation and/or maintenance of the Facility; or (iii) the negligence or willful misconduct of Seller in performing its obligations under this Agreement; excepting only such loss, claim, demand, liability, expense, action or suit to the extent caused by the willful misconduct or gross negligence of SMUD, its agents, employees, directors or officers.

12.2 Indemnity by SMUD. SMUD shall defend, release, indemnify and hold harmless Seller, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees resulting from, or arising out of or in any way connected with claims by third parties associated with or relating to: (i) the Energy delivered by Seller under this Agreement after the Delivery Point, or (ii) the negligence or willful misconduct of SMUD in performing its obligations under this Agreement; excepting only such loss, claim, demand, liability, expense, action or suit to the extent caused by the willful misconduct or gross negligence of Seller, its agents, employees, directors or officers.

13. Limitation of Damages. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY HEREIN PROVIDED. EXCEPT WITH REGARD TO INDEMNIFICATION OF THIRD PARTY CLAIMS IN ACCORDANCE WITH SECTION 12, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, OR OTHERWISE. THE PARTIES AGREE THAT (A) ANY LIQUIDATED DAMAGES SET FORTH HEREIN, (B) SMUD's AND SELLER's RESPECTIVE COSTS TO COVER DAMAGES, (C) THE VALUE OF ANY TAX BENEFITS, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO SMUD's BREACH OR DEFAULT, (D) AMOUNTS DUE IN CONNECTION WITH THE RECAPTURE, IF ANY, AND (E) ANY OTHER SPECIFIED MEASURE OF DAMAGES EXPRESSLY PROVIDED FOR HEREIN SHALL BE DEEMED DIRECT DAMAGES AND DO NOT REPRESENT SPECIAL, PUNITIVE, INDIRECT, EXEMPLARY OR CONSEQUENTIAL DAMAGES. IN NO EVENT WILL A PARTY BE LIABLE TO THE OTHER PARTY FOR DAMAGES IN EXCESS OF THE TERMINATION PAYMENT UNDER SECTION 8, EXCEPT WITH REGARD TO INDEMNIFICATION OR THIRD PARTY CLAIMS IN ACCORDANCE WITH SECTION 12. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 12, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE TERMINATION PAYMENT UNDER SECTION 8.6 IS NOT SUBJECT TO THE LIMITATION OF DAMAGES PROVISION SET FORTH IN THIS SECTION 13.

14. Representation and Warranties; Covenants.

14.1 Representations and Warranties. On the Effective Date, each Party represents and warrants to the other Party that:

14.1.1 It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

14.1.2 The execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

14.1.3 This Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;

14.1.4 It is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its actual knowledge, threatened against it which would result in it being or becoming Bankrupt;

14.1.5 There are not pending or to its actual knowledge threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under this Agreement; and

14.1.6 It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of, and understands and accepts, the terms, conditions and risks of this Agreement.

14.2 Additional Representations and Warranties by Seller. Seller represents and warrants to SMUD that the Facility is an Eligible Renewable Energy Resource and shall, for the term of this Agreement, continue to meet the requirements to be an Eligible Renewable Energy Resource in effect at the Effective Date.

14.3 General Covenants. Each Party covenants that throughout the Term of this Agreement:

14.3.1 It shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

14.3.2 It shall maintain (or obtain from time to time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement; and

14.3.3 It shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it.

15. Notices. Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service or electronic messaging (e-mail). Whenever this Agreement requires or permits delivery of a “notice” (or requires a Party to “notify”), the Party with such right or obligation shall provide a written communication in the manner specified below. A notice sent by email will be recognized and shall be deemed received on the

Business Day on which such notice was transmitted if received before 5 p.m. Pacific prevailing time (and if received after 5 p.m., on the next Business Day) and a notice by overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior oral communication, in which case any such notice shall be deemed received on the day sent. A Party may change its addresses by providing notice of same in accordance with this provision. All written notices shall be directed as shown in Exhibit I. Either Party may request a change to Exhibit I as necessary to keep the Exhibit I information current.

16. Release of Data. Seller authorizes SMUD to release to any regulatory authority having jurisdiction, and to its contractors, information regarding the Facility, including but not limited to Seller's name and location, operational characteristics, Term of Agreement, Facility resource type, Scheduled Commercial Operation Date, actual Commercial Operation Date, Contract Capacity, and Energy production. Seller acknowledges that this information may be made publicly available.

17. Set Off. SMUD shall be entitled to offset amounts owed by Seller to SMUD under this Agreement or the Interconnection Agreement from the amounts owed by SMUD to Seller under the Agreement.

18. Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, notwithstanding the foregoing, no consent shall be required:

18.1 Seller Financing. In connection with any transfer, sale, pledge, encumbrance, or assignment of this Agreement or the accounts, revenues or proceeds therefrom in connection with any financing or other financial arrangements (including any tax equity or lease financing) by Seller, and in connection therewith, upon written request of Seller, SMUD will negotiate an estoppel, consent, acknowledgment and/or other agreement between Seller and Seller's lender or other financing parties in the form reasonably acceptable to SMUD and SMUD further agrees to comply with the provisions set forth in Exhibit L to this Agreement;

18.2 Seller Affiliates. Any assignment or transfer of this Agreement by Seller to an affiliate of Seller, provided that such affiliate's creditworthiness is equal to or better than that of Seller, or is sufficient to satisfy Seller's obligations under this Agreement, as reasonably determined by SMUD; and

18.3 Transfer of Assets. Any assignment or transfer of this Agreement by Seller or SMUD to a Person or entity succeeding to all or substantially all of the assets of such Party, provided that such Person's or entity's creditworthiness is equal to or greater than that of such Party, or is sufficient to satisfy the assigning or transferring Party's obligations under this Agreement, as reasonably determined by the non-assigning or non-transferring Party.

19. Applicable Law; Dispute Resolution.

19.1 Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

19.2 Dispute Resolution. If the Parties are unable to resolve a dispute with respect to this Agreement, either Party shall send a notice to the other requesting a meeting at which senior officers or officials of the Parties shall attempt to resolve the dispute. If the Parties are unable to resolve the dispute within ten (10) calendar days after the meeting notice is received by the Party to whom it is directed, or such longer period as the Parties may agree, then either Party may elect to resolve such dispute in the courts of the State of California. The venue shall be the Superior Court in Sacramento County. Each Party shall pay and be responsible for their own attorney fees.

20. Severability. If any provision in this Agreement is determined to be invalid, void or unenforceable by any court or arbitration panel having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement and the Parties shall use commercially reasonable efforts to modify this Agreement to give effect to the original intention of the Parties.

21. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by PDF transmission will be deemed as effective as delivery of an originally executed counterpart. Each Party delivering an executed counterpart of this Agreement by PDF transmission will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

22. General. No amendment to, modification of, or waiver under this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only.

23. Mobile-Sierra. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 US 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 US 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish*, 554 U.S. 527, 128 S. Ct. 2733 (2008) and *NRG Power Mktg., LLC v. Maine Pub. Util. Comm'n*, 130 S. Ct. 503 (2010).

24. Service Contract; Forward Agreement. The Parties intend that this Agreement will be treated as a service contract pursuant to Section 7701(e)(3) of the Internal Revenue Code for the sale to SMUD of energy produced at an alternative energy facility, and the Parties shall not file any tax returns inconsistent with such treatment. The Parties agree that this Agreement constitutes a 'forward contract' as defined in the United State Bankruptcy Code.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below.

SACRAMENTO MUNICIPAL UTILITY DISTRICT	FOREFRONT POWER, LLC
By: ___________________________	By: ________________________________
Name:	Name:
Title:	Title:
Date: __________________________	Date: ______________________________

EXHIBIT A
DESCRIPTION AND LOCATION OF FACILITY

A.1 The Facility is described as: Grant Union High School Front-of-the-Meter Solar Project, and all associated auxiliary equipment.

A.2 The Facility is in Sacramento County, California and is located at 1400 Grand Avenue, Sacramento, CA 95838.

A.3 The Facility's technology is: solar photovoltaic

A.4 The Contract Capacity is 0.600 $MW_{AC.}$

A.5 The Expected First-Year Annual Energy Output of the Facility is 1,110,376kWh.

A.6 The Delivery Point is the Transformer TX-0182246 and Transformer TX-001277767 located as shown in Exhibit C to the Interconnection Agreement.

A.7 The Scheduled Commercial Operation Date is 11/04/2027.

A.8 This Exhibit A may be amended, revised, and/or modified pursuant to Section 2.1 of the Agreement and/or upon the mutual consent of both Parties, following which such amended, revised, and/or modified Exhibit A shall then become part of the Agreement to reflect changes to the information contained within Exhibit A.

EXHIBIT B
CONTRACT PRICE

B.1 Seller shall sell and deliver, and SMUD shall purchase and receive (or cause to be received), all Products by the Facility during the Term.

The Contract Price shall be a not-to-exceed amount of $0.2619/kWh, subject to decrease based on a SMUD Prepayment and/or property tax applicability. The Contract Price options are included in the table below, and such Contract Price shall be:

Grant Union High School – Price Scenarios	Pre-Pay PPA ($/kWH) (600 kW)	No-Pre-Pay PPA ($/kWH) (600 kW)
Property Taxes excluded	$0.1307/kWh	$0.2372/kWh
Property Taxes included	$0.1547/kWh	$0.2619/kWh

B. 2 Changes to Exhibit B. The Parties, upon mutual agreement, will revise this Exhibit B as appropriate to update the Contract Price prior to the Commercial Operation Date, subject to the applicable option in the table above. Upon such change, a new Exhibit B will be issued which shall then become part of the Agreement to reflect the change. No formal amendment of the Agreement is required to update this Exhibit B.

B.3 Effective Date
Upon issuance of a new Exhibit B, the Parties will insert a new effective date for this Exhibit B, which will replace the prior Exhibit B.

____
Month, Day, Year

____
Signature of Seller

____
Signature of SMUD

EXHIBIT C
FACILITY PERFORMANCE BENCHMARKS

Contract Year	Expected Annual Energy Production (EAEP) MWh	Minimum Annual Energy Production (MAEP) MWh
1	1,131,545	1,018,390
2	1,125,887	1,013,298
3	1,120,258	1,008,232
4	1,114,656	1,003,191
5	1,109,083	998,175
6	1,103,538	993,184
7	1,098,020	988,218
8	1,092,530	983,277
9	1,087,067	978,360
10	1,081,632	973,469
11	1,076,224	968,601
12	1,070,842	963,758
13	1,065,488	958,939
14	1,060,161	954,145
15	1,054,860	949,374
16	1,049,586	944,627
17	1,044,338	939,904
18	1,039,116	935,204
19	1,033,921	930,528
20	1,028,751	925,876
21	1,023,607	921,246
22	1,018,489	916,640
23	1,013,397	912,057
24	1,008,330	907,497
25	1,003,288	902,959

Both the Expected Annual Energy Production (EAEP) and Minimum Annual Energy Production (MAEP) include an annual degradation rate of approximately 0.5%.

EXHIBIT D

Expected Capacity of Facility By Month

Monthly Average Annual Solar Insolation:

Month	**GlobHor (kWh/m^2)**
January	64.6
February	87.7
March	142.6
April	187.4
May	236.4
June	250.1
July	256.9
August	227.3
September	178.5
October	133.2
November	81.0
December	59.3
Year	1905.0

EXHIBIT E
COMMERCIAL OPERATION DATE CONFIRMATION LETTER

In accordance with the terms of that certain Power Purchase Agreement dated ________________(“Agreement”) by and between the Sacramento Municipal Utility District (“SMUD”) and [●] (“Seller”), this letter serves to document the parties further agreement that (i) the conditions precedent to the occurrence of the Commercial Date have been satisfied, and (ii) SMUD has received the energy, as specified in the Agreement, as of __________, 20__.

This letter shall confirm the Commercial Operation Date, as defined in the Agreement, as the date referenced in the preceding sentence.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below:

Sacramento Municipal Utility District	[●]
By: ________________________	By: _________________________
Name:	Name:
Title:	Title:
Date: _________________________	Date:________________________

EXHIBIT F
CAPACITY ATTRIBUTE REPORTING AND CONVEYANCE PROCEDURE

F.1 Additional Definitions for the Conveyance of Capacity: None.

F.2 Reporting of Capacity Attributes. SMUD will report the Capacity Attributes acquired herein in any regulatory filing that SMUD is required to make in order to declare the Capacity of the Facility (or any portion thereof) as meeting SMUD's Capacity planning requirement (also known as Resource Adequacy).

F.3 Changes in Capacity Attribute Conveyance Procedure. Subject to Section 4.3 of this Agreement, SMUD shall revise this Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F, which shall then become part of the Agreement in the event that the method for reporting and conveying Capacity Attributes changes from the process described herein, provided that in no event will such revised Exhibit F cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

EXHIBIT G

OUTAGE NOTIFICATION PROCEDURE

G.1 Outage Notifications by Seller. Outage notices shall contain information regarding the beginning date and time of the event resulting in the change in Available Capacity, the expected end date and time of such event, the expected Available Capacity in MW (AC), and any other necessary information.

G.1.1 Planned Outage Notifications. In addition to the 30 days advance written notice in regard to a Planned Outage as per Section 7.3 of the Agreement, Seller shall notify SMUD at least 72 hours in advance of Planned Outages that result in a reduction in the effective output of the Facility during period over which the Planned Outage is scheduled. Notification should be by email to the addresses shown in the Outages section of the Notices, Exhibit I.

G.1.2 Notification of PV Array Cleaning. If Seller has scheduled cleaning for PV arrays, Seller shall notify SMUD at least 72 hours in advance of scheduled cleaning, and should include details of the cleaning plan. Seller shall also follow-up with SMUD after cleaning of the Facility in order to verify the actual cleaning dates and times. Notification should be made by email to the addresses shown in the Outages section of the Notices, Exhibit I.

G.1.3 Forced Outage Notifications. Pursuant to Section 7.4 of the Agreement, as soon as reasonably practical, but not later than 30 minutes after a Forced Outage of the Facility that will reduce the Capacity of the Facility by 10 percent or more with a Forced Outage duration of 30 minutes or more, Seller shall notify SMUD of the Forced Outage, including the Capacity of the Facility that is impacted, and the expected duration of the Forced Outage. Prior to the return of the Facility to service following such Forced Outage Seller shall notify SMUD of the return to service details as soon as reasonably practical. Notification may be made by email or phone as shown in the Outages section of the Notices, Exhibit I.

G.1.4 Changes in Outage Notification Procedure. Upon mutual consent of both Parties, SMUD shall revise this Exhibit G as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit G, which shall then become part of the Agreement to reflect changes in the Outage Notification Procedure.

EXHIBIT H
ENVIRONMENTAL ATTRIBUTE REPORTING AND CONVEYANCE PROCEDURE

H.1 Additional Definitions for the Conveyance of Environmental Attributes:

"Certificate Transfers" means the process, as described in the WREGIS Operating Rules whereby a WREGIS account holder may request that WREGIS Certificates from a specific generating unit be directly deposited into another WREGIS account.

"WREGIS" means the Western Renewable Energy Generation Information System, sponsored by the WECC and utilized by the CEC for tracking the generation and transfer of RECs. The URL for WREGIS is www.WREGIS.org.

"WREGIS Certificates" means a certificate created within the WREGIS system that represents all Renewable and Environmental Attributes from one MWh of electricity generation from an Eligible Renewable Energy Resource that is registered with WREGIS.

"WREGIS Operating Rules" means the document published by WREGIS that govern the operation of the WREGIS system for registering, tracking, conveying, etc. Renewable Energy Credits produced from Eligible Renewable Energy Resources that are registered with WREGIS.

H.2 Renewable Energy Credits. Pursuant to the terms and conditions of the Agreement, Environmental Attributes shall be conveyed by Seller to SMUD through Renewable Energy Credits ("RECs") which shall be registered tracked and conveyed to SMUD using WREGIS.

H.3 WREGIS Registration. Prior to the Commercial Operation Date, SMUD will initiate registration of the Facility in SMUD's WREGIS account on behalf of Seller. Final acceptance by WREGIS requires submittal by SMUD of the Commercial Operation Date Confirmation Letter. SMUD shall charge back to Seller any costs for issuance or creation of WREGIS Certificates for the Facility.

H.4 SMUD's WREGIS Account. SMUD shall, at its sole expense, establish and maintain SMUD's WREGIS account sufficient to accommodate the WREGIS Certificates produced by the output of the Facility. SMUD shall be responsible for all expenses associated with (A) establishing and maintaining SMUD's WREGIS Account, and (B) subsequently transferring or retiring WREGIS Certificates.

H.5 Qualified Reporting Entity. SMUD shall be the Qualified Reporting Entity for the Facility, and shall be responsible for providing metered Facility output data to WREGIS.

H.6 Reporting of Environmental Attributes. In lieu of Seller transferring the WREGIS Certificates using Certificate Transfers from Seller's WREGIS account to the WREGIS account of SMUD, SMUD shall report the Facility as being directly in its WREGIS account, which will preclude Seller from reporting the Facility in its own WREGIS account.

H.6.1 By avoiding the use of Certificate Transfers, there will be no transaction costs to Seller or SMUD for the Certificate Transfers that would otherwise be used.

H.6.2 WREGIS Certificates for the Facility will be created on a calendar month basis in accordance with the certification procedure established by the WREGIS Operating Rules in an amount equal to the Energy generated by the Facility and delivered to SMUD in the same calendar month.

H.6.3 WREGIS Certificates will only be created for whole MWh amounts of energy generated. Any fractional MWh amounts (*i.e.,* kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate and all such accumulated MWh of Environmental Attributes will then be available to SMUD.

H.6.4 Should a WREGIS Certificate Modification be required to reflect any errors or omissions regarding the Environmental Attributes from the Facility SMUD will manage the submission of the WREGIS Certificate Modification.

H.6.5 Due to the expected delay in the creation of WREGIS Certificates relative to the timing of invoice payments under Section 2.4 of the Agreement, SMUD shall make an invoice payment for a given month in accordance with Section 2.4 of the Agreement before the WREGIS Certificates for such month may be created in SMUD's WREGIS account. Notwithstanding this delay, SMUD shall have all right and title to all such WREGIS Certificates upon payment to Seller in accordance with Section 2.4 of the Agreement.

H.7 Changes in Environmental Attributes Reporting and Conveyance Procedure. Subject to Section 3.6 of the Agreement, SMUD shall amend this Exhibit H as appropriate, give written notice Seller regarding the revision, and issue a new Exhibit H which shall then become part of the Agreement, in order to reflect changes necessary in the Environmental Attribute conveyance procedure for SMUD to be able to receive and report the Environmental Attributes purchased under this Agreement as belonging to SMUD, provided that in no event will such amendment cause Seller to incur any cost, liability, or obligation, or any increased cost, liability, or obligation, for which it is not already otherwise obligated under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

EXHIBIT I
ADDRESSES FOR NOTICES

All notices shall be directed as follows:

I.1 For Contract Administration

To SMUD:
Sacramento Municipal Utility District
Tom Moore
Research and Development

6201 S Street
Sacramento, CA 95817-1899

Or,

P.O. Box 15830
Sacramento, CA 95852-1830

Phone: (916) 732-5064
Email: Tom.Moore@SMUD.Org

To Seller:

Forefront Power, LLC
255 California St. Suite 900
San Francisco, CA 94111
Phone: 855-204-5083
Attn: Legal
Email: FPLegal@forefrontpower.com

I.2 For Billing and Settlements

To SMUD:
Energy Settlements

Phone: (916) 732-6312
Email: EnergySettlements@smud.org

To Seller:
Forefront Power, LLC
255 California St. Suite 900
San Francisco, CA 94111
Phone: 855-204-5083
Attn: Accounts Payable

Email: AP@forefrontpower.com

I.3 For Scheduling

To SMUD:
Day Ahead Trading Desk

Phone: (916) 732-5669
Email: dayaheadtrading@smud.org;

To Seller:
Forefront Power, LLC
255 California St. Suite 900
San Francisco, CA 94111
Attn: Asset Management
Phone: 855-204-5083
Email: AssetManagement@forefrontpower.com

I.4 Outage process

PROCESS
The SMUD Power System Operations (PSO) is responsible for ensuring that each generating facility(ies) data is input into EMS for energy and capacity purposes, and to keep track of each facility status to ensure that after-the-fact accounting may take place. Planned outages that require SMUD switching are to be scheduled in the current outage application used by Distribution System Operations (DSO) and then communicated by DSO to PSO similar to other distributed generating resources.

The SMUD DSO is responsible for the distribution system connected to the Facility and to ensure changes in generation do not create an adverse impact to the safe operation of the SMUD Distribution System.

SMUD shall give the Facility reasonable notice of the possibility that interruption or reduction of deliveries may be required if permitted under the Agreement. Since the Facility is connected to the SMUD Distribution System, this will be the responsibility of the SMUD DSO.

1. Planned Outages
Seller shall notify SMUD DSO outage coordinator at least 72 hours in advance of Planned Outages with an email containing the outage date and time and return date and time. This will be a requirement for Facility maintenance or other work that curtails the energy output to SMUD. DSO Outage Coordination will notify PSO via email of the planned outage. The email address to submit the outage notification is DSOOC@smud.org,
(916) 455-1671.

2. Planned Outages-DSO

DSO planned distribution circuit outages must be communicated to PSO Outage Coordination (PSOOC) in accordance with SP-116, outage coordination procedure. The DSO will process the request in their outage application. The DSO shall then notify the Seller.

3. Planned Outages in Real-Time
DSO will notify the PSO that the Facility is off-line once they are made aware of it. The DSO will also notify the PSO of the Facility return to service once they are made aware of it. If there are questions regarding the maintenance outage time (either the take out or go back), the DSO should call Facility. This call will be logged and the PSO shall be informed by the DSO.

4. Forced Outages
Seller is obligated to report outages to the DSO within 24 hours of the start of the outage or Facility curtailment. The Seller will report the date and time the outage occurred and estimated time of return (ERT). The DSO will notify the PSO with the details. Once the Facility returns, the Seller will contact the DSO who will log the time and date of the Facility return and then notify the PSO. When the distribution circuit connected to the Facility experiences sustained interruption the DSO will take the necessary information to document the outage and then shall notify the PSO.

I.5 Changes to Exhibit I

Either Party may request a change to Exhibit I as necessary to keep the information current.

EXHIBIT J
INSURANCE REQUIREMENTS

[For Example Only. Limits May Vary]

	TYPE OF COVERAGE		MINIMUM COVERAGE LIMITS	
☒	**Commercial General Liability (CGL)**		**Occurrence**	**Aggregate**
	ISO form CG 0001 04 13, or other acceptable to SMUD. ☒ Additional Insured Endorsement- Including on-going and products/completed operations ☒ Coverage Limits shall be endorsed to be dedicated on a per contract or per project basis ☒ Coverage shall include damage to property in your care, custody or control	Bodily Injury, Property Damage, Contractual Liability Policy limits may be met through a combination of a policy and/or umbrella policy. *Such limits may be re-evaluated and escalated from time to time by SMUD; however, unless there are claims, no escalation in minimum limits required will occur during the first 5 years of the Agreement, or more than once during any 5 year period of the Agreement thereafter, with the exception for adjustments should claims arise and/or adverse loss history development occur..	$5M*	$5M*
☒	**Business Automobile Liability (BAL)**		**Individual**	**Accident**
	To the extent Seller owns, leases, hires, or borrows any private passenger and/or commercial vehicles, covering claims arising from ownership, operation, loading, unloading owned, hired, leased, non-owned, and /or borrowed private passenger and commercial vehicles. Seller shall require its general contractor to maintain at least the same minimum coverage limits. ☒ Additional Insured Endorsement	Bodily Injury, Property Damage	$2M	$2M
☒	**Environmental Impairment Liability (EIL) / Contractor's Pollution Liability (CPL)**		**Occurrence**	**Aggregate**
	Covering claims arising from handling, abatement, and transport of pollutants including asbestos and lead paint ☒ Additional Insured Endorsement	Bodily Injury, Property Damage	$1M	$1M
☒	**California Workers Compensation (WC)** Including US Longshore & Harbor Workers Coverage where applicable		**CA Statutory Limits**	
	☒ **Employer's Liability (EL)**		**Per Employee**	**Aggregate**
	Covering Bodily Injury by Accident & Bodily Injury by Disease		$ 1 M	$ 1 M
☒	**Other**		**Each Claim**	**Aggregate**
	☒ Property ☐ Cargo/Transit ☐ Add'l Insured	Replacement cost of plant and damage to premises leased from SMUD.	Replacement Cost	Replacement Cost

<u>Primary Coverage:</u> Insurance required above shall be primary as respects: SMUD, its directors, officers, representatives, agents, employees, lessors and/or any other person or entity for which SMUD has agreed in writing that its contractors shall include as an

additional insured (collectively hereinafter referred to as "The Parties") and any other insurance effected or procured by any or all of The Parties shall be excess of and shall not contribute with the required insurance.

Additional Insureds Severability of Interests, Waivers of Subrogation: These policies, with the exception of WC, EL and E&O coverages, shall name The Parties as additional insureds as respects to liability arising from or in relation to this Agreement and Contractor's use of the property, including but not limited to coverage for The Parties during any construction and operations performed pursuant to or incidental to this Agreement (including coverage for ongoing and products/completed operations hazards). Contractor shall submit additional insured endorsements to SMUD for approval. CGL severability of interests (cross liability), and CGL, BAL, Property, and WC waiver of subrogation clauses shall be included. Pursuant to the terms of this Agreement, insurance effected or procured by Contractor shall not reduce or limit Contractor's obligation to indemnify and defend The Parties for claims made or suits brought which result from, or in connection with, the performance of this Agreement.

Products/Completed Operations: The coverages required herein, when written on an occurrence form, shall be maintained during the entire term of the Agreement. Coverages written on a claims-made form, and E&O, EIL coverage shall be maintained during the entire term of the Agreement and further until at least three years following completion and acceptance of all work under this Agreement. Additional insured endorsements providing products/completed operations coverage shall continue to provide coverage through the expiration of time within which a claim may be filed under all applicable laws.

Insurer Security: Insurers shall be rated A- / IX or better by A.M. Best, or shall be otherwise acceptable to SMUD. Insurers need not be admitted by the State of California.

Insurance Certificates, Endorsements, Notice of Policy Change/Cancellation: Before commencing work under this Agreement, Contractor's broker or agent shall provide copies of additional insured and waiver of subrogation endorsements, as well as deletion of railroad exclusionary language endorsement (if applicable), and certificates of insurance verifying that at least the minimum insurance coverages required above are in effect. In the event of a loss or claim potentially arising out of Contractor's Scope of Services, Contractor shall promptly provide complete copies of its insurance policies upon written request by SMUD. Certificates must disclose any self-insured retention of $250,000 or more. Certificates must specify whether the liability coverages are written on an occurrence form or a claims-made form. There shall be no change(s) to or cancellation(s) of coverage(s) resulting in the Contractor becoming non-compliant with the insurance coverage required herein this Agreement. In the event a change or cancellation will result in Contractor becoming non-compliant with the insurance coverage required herein, Contractor shall provide thirty (30) days advance written notice to SMUD of any such change or cancellation. Contractor's failure to provide such advance written notice shall be construed to be a material breach of this Agreement.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
P. O. BOX 15830, SACRAMENTO, CA 95852-1830
ATTENTION: Tom Moore

EXHIBIT K
FORM OF EASEMENT

[to be attached]

EXHIBIT L
CERTAIN AGREEMENTS FOR THE BENEFIT OF THE FINANCING PARTIES

Subject to the provisions in Section 18.1, SMUD acknowledges that Seller will be receiving financing accommodations from one or more Financing Parties and that Seller may sell or assign the Facility or this Agreement and/or may secure Seller's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the Facility. In order to facilitate such necessary sale, conveyance, or financing, and with respect to any such Financing Party, SMUD agrees as follows:

(a) Consent to Collateral Assignment. Subject to agreement and reasonable acceptance by SMUD, SMUD consents to either the assignment, sale or conveyance to a Financing Party or the collateral assignment by Seller to a Financing Party, of Seller's right, title and interest in and to this Agreement.

(b) Notices of Default. SMUD will deliver to the Financing Party, concurrently with delivery thereof to Seller, a copy of each notice of default given by SMUD under this Agreement, inclusive of a reasonable description of Seller default. No such notice will be effective absent delivery to the Financing Party. SMUD will not mutually agree with Seller to cancel, modify or terminate this Agreement without the written consent of the Financing Party, however, this provision shall not be interpreted to limit any termination rights of either Party as set forth in this Agreement.

(c) Rights Upon Event of Default. Notwithstanding any contrary term of this Agreement:

i. The Financing Party shall be entitled to exercise, in the place and stead of Seller, any and all rights and remedies of Seller under this Agreement in accordance with the terms of this Agreement and only in the event of Seller's or SMUD's default. The Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement and the Facility.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Seller thereunder or cause to be cured any default of Seller thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Seller under this Agreement or (unless the Financing Party has succeeded to Seller's interests under this Agreement) to perform any act, duty or obligation of Seller under this Agreement, but SMUD hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the Facility, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Seller to the Financing Party (or any assignee permitted under Section 18 of the Agreement) in lieu thereof, the Financing Party shall give notice to SMUD of the transferee or assignee of this Agreement (or seek consent, if required by Section 18 of the Agreement). Any such exercise of remedies shall not constitute a default under this Agreement.

iv. Upon rejection or other termination of this Agreement pursuant to any process undertaken with respect to Seller under the United States Bankruptcy Code, at the request of the Financing Party made within ninety (90) days, SMUD shall enter into a new agreement with the Financing Party or its designee having the same terms and conditions as this Agreement.

(d) Right to Cure.

i. SMUD will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Seller) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within the periods provided for in this Agreement.

ii. If the Financing Party (including any SMUD or transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Seller's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect

DRAFT

RESOLUTION NO. ____________

WHEREAS, in November 2025, SMUD received a competitive offer from **Forefront Power, LLC (Forefront)** in connection with the **Grant Union High School Solar+Battery Microgrid Project (Project)** for a nominal 728.75 kW_{DC} solar parking canopy located at **Grant Union High School (Grant)**; and

WHEREAS, SMUD and **Forefront** negotiated a mutually beneficial Solar PV **Power Purchase Agreement (PPA)** for the parking canopy located at **Grant** under which SMUD will purchase energy, capacity, and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs), for a term of 20 years, with a scheduled commercial operation date of November 4 2027, a pre-payment of $1 million, and a price of $0.1547/kWh; and

WHEREAS, the Solar PV system size is 728.75 kW_{DC} and will be paired with a 750 kW/2000 kWh battery energy storage system (BESS) installed by another third party under a separate contract with SMUD; and

WHEREAS, the **PPA** has a fixed price structure without escalation for the 20-year delivery term; and

WHEREAS, in partnership with the **Twin Rivers Unified School District (TRUSD)**, the **Project** will provide clean energy for community members, dispatchable BESS to support SMUD’s grid during constrained, peak hours, and a microgrid-powered system to support the use of the school’s gym as a shelter during extended power outages; and

WHEREAS, the system includes a solar canopy system that provides shade to the school’s parking lot; and

DRAFT

WHEREAS, the school district and the local community benefit from this **Project** through a clean energy curriculum, local job creation, clean energy available for approximately 200 income-qualified residents in the neighboring community from SMUD's Residential SolarShares Program, shaded parking to reduce urban heat island, and a vehicle-to-grid (V2G)-ready communication system; and

WHEREAS, the **Project** will deliver approximately 1,100 MWh onto SMUD's distribution system annually and provide clean energy for approximately 200 income-qualified residents around the high school through SMUD's Residential SolarShares Program; and

WHEREAS, the price and other terms proposed in the **PPA** are commercially reasonable and benefit SMUD's ratepayers; **NOW, THEREFORE,**

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

Section 1. The Chief Executive Officer and General Manager, or her delegate, is authorized to negotiate and execute the **Forefront Power, LLC** solar photovoltaic **Power Purchase Agreement** for a 20-year term for a nominal 728.75 kW_{DC} solar parking canopy project located at **Grant Union High School** in connection with the **Grant Union High School Solar+Battery Microgrid Project**, with a scheduled commercial operation date of November 4, 2027, a pre-payment of $1 million, and a price of $0.1547/kWh, substantially in the form of **Attachment ___**.

Section 2. The Chief Executive Officer and General Manager, or her delegate, is authorized to make future changes to the terms and conditions of the contract that, in her prudent judgment: (a) further the primary purpose of the contract;

(b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

SSS No. CS 26-001	**BOARD AGENDA ITEM** STAFFING SUMMARY SHEET	Committee Meeting & Date: ERCS – 08/19/26 Board Meeting Date: August 20, 2026

	TO		TO
1.	Claire Rogers	6.	
2.	Brandy Bolden	7.	
3.	Frankie McDermott	8.	
4.	Suresh Kotha	9.	**Legal**
5.	Joel Ledesma	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Tracy Carlson	Customer Success	A151	7248	07/31/2026

NARRATIVE:

Requested Action: Accept the monitoring report for **Strategic Direction SD-5, Customer Relations**.

Summary: Communicate status of key metrics as they relate to customer satisfaction and the hearing/appeal process.

Board Policy: *(Number & Title)* Strategic Direction SD-5, Customer Relations. This report provides the measurement of customer service as specified in SD-5.

Benefits: Provide Board Members with an update on the compliance of the Strategic Direction and allow an opportunity to make corrections, additions, or changes if necessary.

Cost/Budgeted: Costs contained in budget for internal labor.

Alternatives: No action would impact ability to meet Strategic Direction.

Affected Parties: Customer Success, Communications, Marketing, & Community Relations, Legal, and SMUD customers

Coordination: Customer Success

Presenter: Tracy Carlson, Director, Customer Success

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Annual Monitoring Report for SD-5, Customer Relations	**10**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** August 5, 2026

FROM: Claire Rogers CR 8/5/26

SUBJECT: **Audit Report No. 28008030**
Board Monitoring Report; SD-5: Customer Relations

Internal Audit Services (IAS) received the SD-5 *Customer Relations* 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Lora Anguay

Board Monitoring Report 2026
SD-5 Customer Relations

1) **Background**

Strategic Direction 5 states that:

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets the customer satisfaction target of 95 percent with no individual component measured falling below 85 percent.

In addition, the Board establishes an overall customer experience “value for what you pay” target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

a. SMUD customers shall be treated in a respectful, dignified and civil manner.

b. SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

2) **Executive summary**

To ensure customers are receiving the highest quality of service, SMUD measures the satisfaction of key interactions with SMUD: Outages, Tree Trimming, Bill Inquiries, New Connections, IVR Payments, and IVR Payment Arrangements.

In addition, we measure Value for What You Pay as value drives customer loyalty. Value is defined as the trade-off between the perceived benefits a customer gets to the cost they have to pay for the benefits. Knowing what customers value allows SMUD to tailor services, products, and offerings to sustain customer relationships as the utility market evolves. SMUD is measuring customer perceived value because SMUD believes it is an effective early indicator of customer loyalty. When customers have options to choose alternatives, whether alternatives in energy, energy advisement, and other related services, we want our customers to continue choosing SMUD.

High satisfaction in these key interactions below and a high Value for What You Pay score support SMUD’s purpose and vision to act in the best interests of our customers and community.

a) SMUD is in compliance with SD-5.

- SMUD has exceeded the target of 95% with an overall Customer Satisfaction of **97%.** All six components exceeded the goals.

- SMUD achieved a **72%** overall Value for What You Pay score, with neither Residential nor Commercial falling below their prescribed floors.

Metric	2025 performance	2024 performance	2023 performance	2022 performance	2021 performance
Customer Satisfaction Level	97%	97%	97%	97%	97%
Tree Trimming	96%	95%	96%	95%	96%
New Connects	99%	99%	98%	98%	99%
Bill Inquiries	95%	94%	94%	96%	96%
Outage Communication	97%	97%	94%	96%	94%
IVR Payment	95%	97%	97%	98%	98%
IVR Payment Arrangement	92%	95%	95%	95%	94%
Value for What You Pay	72%	70%	71%	71%	76%
Commercial	73%	70%	72%	73%	79%
Residential	71%	69%	70%	70%	73%

3) **Additional supporting information:**

Respectful Customer Treatment: Compliant
SMUD customers are treated in a respectful, dignified and civil manner. SMUD employees are trained to deliver quality customer experience through extensive, multi-channel employee competency development.

Respectful Customer Treatment Supporting Information:

- Instructor Led training – 968 attendees
- Real Time Training (bulletin and 30-seconds of education) – 336
- Customer touchpoints and journey assessed and designed – 14

Hearing Appeal Process: Compliant
Customers are made aware of SMUD's Hearing and Appeal process through multiple channels. The back page of every paper bill describes the process. In addition, the process is described in detail on the SMUD website and is linked from the digital bill in My Account.

0 hearings were conducted in 2025, as staff successfully resolved all escalations within standard customer communication channels.

4) **Challenges**

SMUD's residential customers continue to face significant financial pressure driven by broader economic conditions. Rising prices for gasoline, groceries, and other essential goods are creating cascading impacts across household budgets and contributing to overall customer stress. SMUD customer research indicates that 68% of SMUD residential customers describe their current outlook in negative terms, most commonly using words such as *concerned* and *stressed*. Regional research further shows a declining perception of employment opportunities since 2024, and only 17% of Sacramento County residents believe the economy will positively affect their family income over the next six months. These conditions are compounded by the retraction of certain federal grants previously intended to support customer energy upgrades and the potential risk of additional federal support withdrawal from low-income families.

These external pressures are occurring at a time when customer expectations for service continue to rise. Energy remains a low-attention necessity for most customers; they do not want greater complexity or increased effort in managing their service. Instead, customers increasingly expect simple, fast, and friction-free experiences that help them remain in control of their energy costs. The growing availability of AI-enabled tools in other sectors is also shaping expectations for faster service, more tailored information, and highly personalized guidance. For SMUD, this means maintaining strong performance on core service fundamentals while translating energy complexity into clear, accessible, and customer-centered solutions.

In response, SMUD is taking a range of actions to support customers and mitigate the effects of these future-year challenges. Customer communications are being strengthened through automated alerts and expanded outreach channels to notify customers in advance when crews will be on their property or when work may result in outages. These efforts are intended to reduce surprises, improve transparency, and build trust. SMUD has also implemented a new low SIFC rate designed to better align with the usage patterns and affordability needs of lower-use customers.

SMUD continues to expand education and program offerings into additional low- and moderate-income neighborhoods, with an emphasis on increasing awareness of both energy-related and non-energy-related customer benefits. At the same time, the organization continues to support regional economic and workforce development efforts that contribute to long-term customer and community resilience. Internally, SMUD is leveraging AI to support its workforce in delivering improved customer service through more effective segmentation, faster insights, and more tailored solutions.

Additional strategies include targeted electrification efforts that are balanced with cost-effectiveness considerations, development of a middle-income customer strategy to better address the needs of customers who may not qualify for traditional assistance yet remain financially vulnerable, close management of arrearages to identify and address emerging payment issues early, and continued expansion of in-language support to improve access and equity in service delivery.

Collectively, these efforts are intended to help customers navigate a period of financial uncertainty while reinforcing SMUD's commitment to affordability, reliability, transparency, and ease of service.

5) Recommendation

It is recommended that the Board accept the Monitoring Report for SD-5

6) Appendices

Not applicable.

DRAFT

RESOLUTION NO. ______________

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

This Board accepts the monitoring report for **Strategic Direction SD-5, Customer Relations**, substantially in the form set forth in **Attachment ___** hereto and made a part hereof.

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SSS No. CMCO 26-002	**BOARD AGENDA ITEM** STAFFING SUMMARY SHEET	Committee Meeting & Date: ERCS – 08/19/26; Board Meeting Date: August 20, 2026

TO		TO	
1.	Claire Rogers	6.	Suresh Kotha
2.	Cara Chatfield	7.	
3.	Frankie McDermott	8.	
4.	Joel Ledesma	9.	**Legal**
5.	Brandy Bolden	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**		**Yes**	X	**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Sarah Sciandri	Marketing and Corporate Communications	B411	5145	07/31/26

NARRATIVE:

Requested Action: Accept the monitoring report for **Strategic Direction SD-15, Outreach and Communication**.

Summary: The Board of Directors will be presented with overall customer communications activities for 2025.

Board Policy: *(Number & Title)* Strategic Direction SD-15, Outreach and Communication

Benefits: As a customer-owned utility, SMUD has a responsibility to communicate with all of our customers. Consistent, integrated purpose-driven communications enhance our relationship with our customers and create an environment of partnership and engagement.

Cost/Budgeted: Costs contained in budget for internal labor.

Alternatives: Provide the Board with written reports and communication through the Chief Executive Officer and General Manager.

Affected Parties: Communications, Marketing, & Community Relations, Customer & Community Services, Zero Carbon Energy Solutions and SMUD customers.

Coordination: Marketing and Corporate Communications

Presenter: Sarah Sciandri, Interim Director, Marketing and Corporate Communications

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Annual Monitoring Report for SD-15, Outreach and Communication	11

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** August 5, 2026

FROM: Claire Rogers CR 8/5/26

SUBJECT: **Audit Report No. 28008031**
Board Monitoring Report; SD-15: Communication & Outreach

Internal Audit Services (IAS) received the SD-15 Communication & Outreach 2025 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Compared sample to the corresponding supporting documentation to identify potential discrepancies.

All items sampled within the SD Report aligns with the supporting documentation provided at the time of review.

CC:

Lora Anguay

DRAFT

Board Monitoring Report 2025
SD-15 Board Strategic Direction on Outreach and Communication

SMUD®

1) Background

Strategic Direction 15 states: Providing broad outreach and communication to SMUD's customers and the community is a key value of SMUD.

Specifically:

a. SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.
b. SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
c. SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.

2) Executive summary

Strategic Direction 15 requires SMUD's communication and community outreach activities to reflect the diversity of our customers and the community we serve, using a broad mix of communication channels. In accordance, we look at our marketing and outreach activities by communication channel, as well as the customer awareness of various programs and services by ethnicity.

SMUD is in compliance with SD-15 Outreach and Communication.

In spring 2025, we launched a new phase of our Clean PowerCity® campaign – We Power Business. The multi-language and multi-channel campaign built on our Clean Power Promise campaign, highlighting the many benefits we deliver to our business customers – low rates, reliability, personalized service and clean energy. Our 60,000+ business customers account for more than $270 million in annual revenue to SMUD, with small and medium businesses employing more than 700,000 people in our region. Simply put, when businesses thrive, so does our region. The campaign featured SMUD customers and our Strategic Account Advisers highlighting ways we help businesses grow and decarbonize, while offering incentives, programs and personalized service.

We also continued to inform and educate our customers with our summer Time-of-Day (TOD) campaign featuring energy-saving tips to save money and stay comfortable during the summer months. We expanded our low rates campaign, which also reinforces that SMUD is community-owned and not-for-profit. The campaign ran on billboards, digital channels in social media and in our newsletters. The campaign emphasized the value of our rates, which are on average at least 50% lower than those of PG&E, and saved our customers about $1.8 billion in 2025. Extensive program marketing and outreach ran throughout the year in multiple channels and at events for programs including EAPR, Greenergy, EnergyHELP, the EV discount rate, rebates, the Shade Tree program and more.

SMUD could be seen or heard in more than a dozen customer-facing communication channels (in addition to at events). We continue to seek out and support community events and other new opportunities to reach customers, recognizing communication channels can be limited in our service territory for those that prefer communications in languages other than English. We continued to provide outreach and communication materials in-language in 2025, with information in up to 23 different languages and dialects, including Braille.

We delivered more than 20 marketing campaigns and continued to grow our presence at events participating in 1,935 community events, workshops and partnerships. At all community events, we continued to encourage customers to join us in our journey to a clean energy future by providing information about the benefits of reducing carbon and promoting dozens of tips so customers could show their support and take personal action.

Events and partnerships reflected the diversity of our community, including cultural, ethnic and/or special populations, including LGBTQ+, low income, military, seniors, disabilities, education, environmental, health & safety, STEM, agriculture, all electric, electric vehicles, faith, literacy, homeowner associations, young adults (18-30) and youth (0-17). See Appendices A and B.

We also look at trends for the overall awareness of a cross-section of SMUD's programs and services, segmented by ethnicity. The segments include Asian American & Pacific Islander, Hispanic, Black and White. The programs measured are Rebates & Incentives, Energy Assistance Program Rate (EAPR), Greenergy, Electric Vehicle (EV) discount rate and SMUD Mobile App. See charts in Appendix B.

Key activities by SD requirement

SD Requirement	Program/initiative/policy	Purpose	Outcome
Education and tools to manage energy use	In 2025, we expanded our Clean PowerCity campaigns with a sharp focus on our business customers and the local economy. We emphasized our efforts to reduce carbon while maintaining low rates and reliability and providing personalized service to our business accounts. We encouraged efficiency through a TOD summer rate reminder campaign on billboards and savings tips with a series of summer emails. Throughout the year, we continued to share energy savings tips with customers in a wide variety of channels, from print and email newsletters to social media, billboards, digital ads speeches and events. In all, we implemented more than 20 campaigns in 2025 promoting energy and bill savings, customer programs and services, including EAPR, MED Rate, SMUD Energy Store, Budget Billing, Custom Due Date and others.	To provide customers with the education and tools for managing their energy use and their bills, while also working with SMUD to reduce carbon.	Successfully implemented campaigns that informed our customers of resources and tools available to them. Also successfully participated in 1,935 community events with employees volunteering more than 16,000 hours. Awareness of most programs were steady year-over-year. All the 1,935 events and partnerships included at least some cultural, ethnic and/or special populations, including LGBTQ+, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, Electric Vehicles, faith, homeowner associations, young adults (18-30) and youth (0-17). (Appendices A, B)
Integrated and consistent communication that recognizes unique customer segments	Implemented communications, including collateral and advertisements in 23 languages. We also leveraged 17 communication channels to ensure we reach our customers in the channel they prefer, at the time they need it and with information specifically targeted to them. We also participated	To have consistent, integrated messages available for various customer segments, including those based on ethnicity and other unique audiences along with those	For the first time, we topped 1 billion impressions, with more than 714 million ethnic customer impressions. By translating materials in up to 23 languages, for both marketing as well as events, we're reaching a diverse

	in 1,935 community events including Community Resource Expos and Lobby Days to reach our many unique customer segments.	customers who may not see our messages in mainstream communication channels.	range of customers with integrated, clear and consistent information about programs, services and initiatives that support our purpose to improve the quality of life for our customers.
Broad mix of communication channels	In 2025, we used 17 customer-facing communication channels, including community outreach events and partnerships, digital search and display, social media, broadcast and streaming television and radio, billboards, bus signs and train wraps, surveys, direct mail, email and customer bills. We supported 1,935 community events. By leveraging customer behavior data and artificial intelligence, along with using a broad mix of channels, we were able to highly target our digital marketing in particular, to reach customers in the communication channel they prefer. (See Appendix B)	To reach customers with our messages in the communication channels they prefer.	More than 1.2 billion customer impressions across multiple communication channels and support of 1,935 community outreach events and partnerships in 2025 (see Appendices A, B). On TV and radio alone, the average SMUD customer had the opportunity to see or hear a SMUD message 33 times in 2025. Our marketing in the Over-The-Top (OTT) and Connected TV (CTV) streaming television space has grown steadily, and in 2025 included all the major platforms including Amazon, Disney+/Hulu, Paramount and NBC Universal. This enables more precise geographic and other targeting than traditional broadcast and cable programming.

3) **Additional supporting information for SD-15, Outreach and Communication**

a) SMUD shall provide its customers the information, education, and tools they need to best manage their energy use according to their needs.

In 2025, we developed and implemented more than 20 marketing and communication campaigns, including:

- Battery Storage
- Budget Billing & Custom Due Date
- Clean Power Promise
- Clean Power My Business
- Complete Energy Solutions
- Energy Assistance Program Rate (EAPR)
- Economic Development
- Contact SMUD First (Drive Electric)
- EnergyHELP
- Greenergy
- HomePower
- Integrated Design Solutions
- Low rates
- Medical Equipment Discount (MED) Rate
- Multi-family
- Paperless Billing/My Account
- Powering Futures (Scholarships)
- Safety (Drive safe, Wildfire, Call 811, Work zone alert, Plan before planting)
- SMUD Energy Store
- SMUD Contractor Network
- Shade Trees
- Shine Awards
- Time-of-Day
- We Power Business

b) **SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.**

In 2025, our marketing and communications could be seen and heard in as many as 23 languages, including Braille, and in 17 customer-facing channels, including:

TV	Digital	Radio	Print	Direct Mail	Email
Community Events	Surveys, focus groups	News Media	smud.org	Billboards	Social Media
Door-to-door	Partnerships	Workshops	Buses & Lightrail	Retail	

c) **SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.**

With thousands of events and sponsorships, millions of emails and bill inserts, ads on tens of thousands of websites and apps and multiple social media channels, and our schedule of broadcast and streaming TV, radio and print advertisements, it's clear that we used a broad mix of channels to reach all our customers. This includes in-language media like broadcast and streaming TV and radio, print advertising, digital and social media and customer collateral in more than 20 languages.

These tactics delivered a record 1,275,478,129 customer impressions in 2025. Of these, 714,267,752 were ethnic impressions. This significant and unusual lift is in large part, thanks to our partnerships with 4 local sports organizations – Sacramento Kings, River Cats, Republic FC and Major League Baseball (MLB) A's. With the A's in town temporarily, our wall board at Sutter Health Park had national visibility through MLB coverage.

For TV and radio alone, the average SMUD customer had the opportunity to see or hear a SMUD commercial 33 times in 2025. Here's the summary by channel:

- 11,339,860 bill package inserts
- 16,309,060 emails
- 496 billboards, transit boards
- 35 print publications
- 1,453,202 direct mail pieces
- 29 radio stations
- 154,145 websites and apps
- 21 TV stations
- 4 sports partnerships

4) **Challenges**

We continue to see extensive need across our region – from nonprofits to community organizations. In 2025, the requests for sponsorships and event support again exceeded our capacity to support. We continued to balance our approach to outreach to ensure we had a mix of flagship events that deliver extensive community benefit, such as Giving Fridays at the State Fair to highly targeted outreach through fairs, festivals and small community meetings. At a localized community level, we continued to greatly expand partnership agreements with homeowners and neighborhood associations. These types of partnerships help to ensure we have an increased presence and regular touchpoints in neighborhoods across our service area.

We continue to see significant changes in the media landscape and are consistently adapting and evolving our approach to leverage new technology, tools and channels to communicate with our customers. The ability to highly target messaging in digital channels such as paid social media, search and display ads and streaming TV and radio platforms has greatly increased our ability to reach small groups of customers with programs that are relevant to them when it matters most, and in the channel that is most convenient for them.

Our broad mix of channels and tactics helps ensure SMUD messages reach our diverse customers in the communication channels they prefer, when it's relevant to them. The proliferation of new channels and evolution of the media landscape provides both challenges and opportunities. Customer communication preferences continue to evolve in response to the increasingly fragmented market, which is why we ensure we deliver a balanced approach to communications and outreach, through a mix of broad and highly targeted campaigns and channels.

Not all programs and services are intended for all customers. This is why we use targeted marketing and digital channels that leverage machine learning and artificial intelligence (AI) to target our communications and outreach to customers most likely to qualify for and/or benefit from a particular program or service. Advances in AI continue to have a growing impact on the communications landscape. AI is helping improve targeting in digital platforms to further reach the right customers with the right message at the right time. AI is an important tool in our marketing and communications toolkit Staff monitors advances and new tools, using AI as part of ongoing work to maximize the reach and impact of our marketing, communications and outreach.

5) **Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-15 Outreach and Communication.

6) **Appendices**

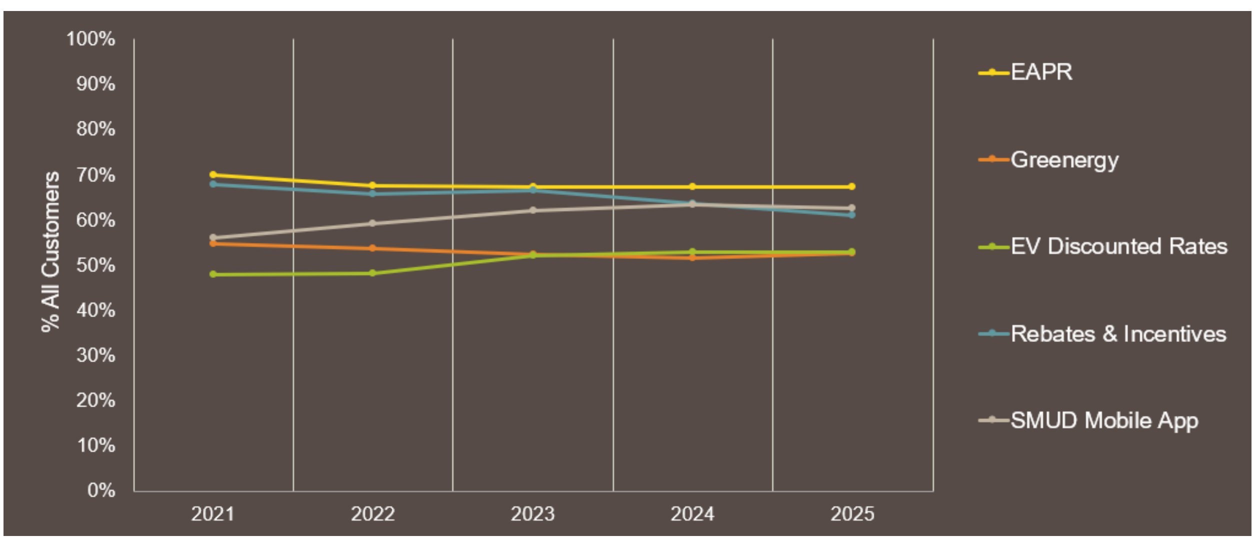
APPENDIX A

Community Outreach and Engagement

In 2025, we continued to be very active in the community through our support of efforts that improve the quality of life in our region. SMUD participated in 1,935 events and partnerships, and SMUD employees volunteered 16,877 hours.

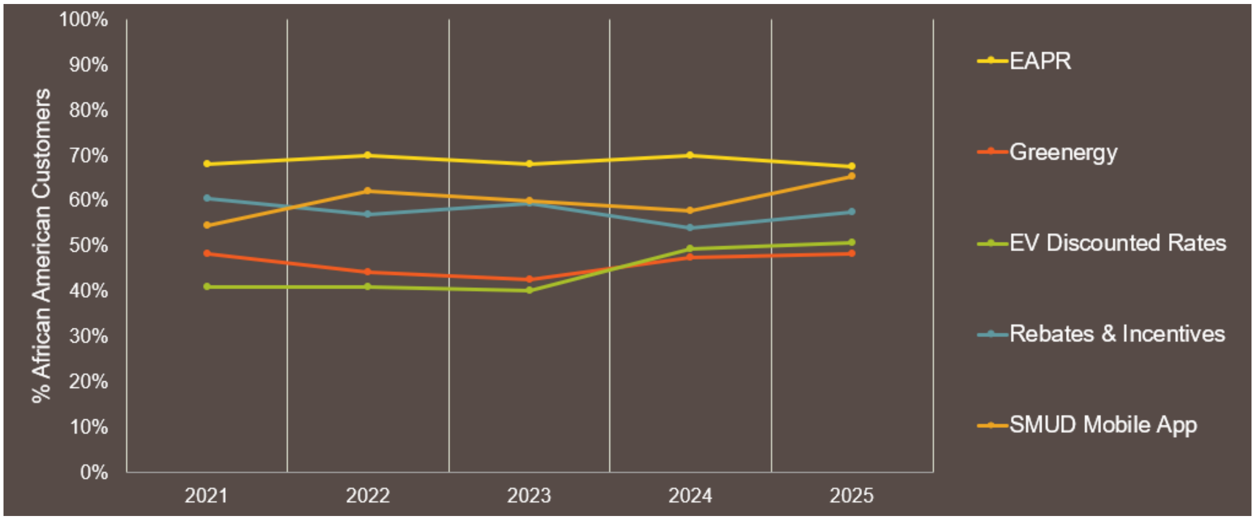
APPENDIX B
Awareness of Programs by Ethnicity

All Customers – Overall Awareness Trends
Notable increase in awareness of Greenergy compared to 2023 and 2024 with a softening for rebates and incentives. All other programs were relatively steady year over year.



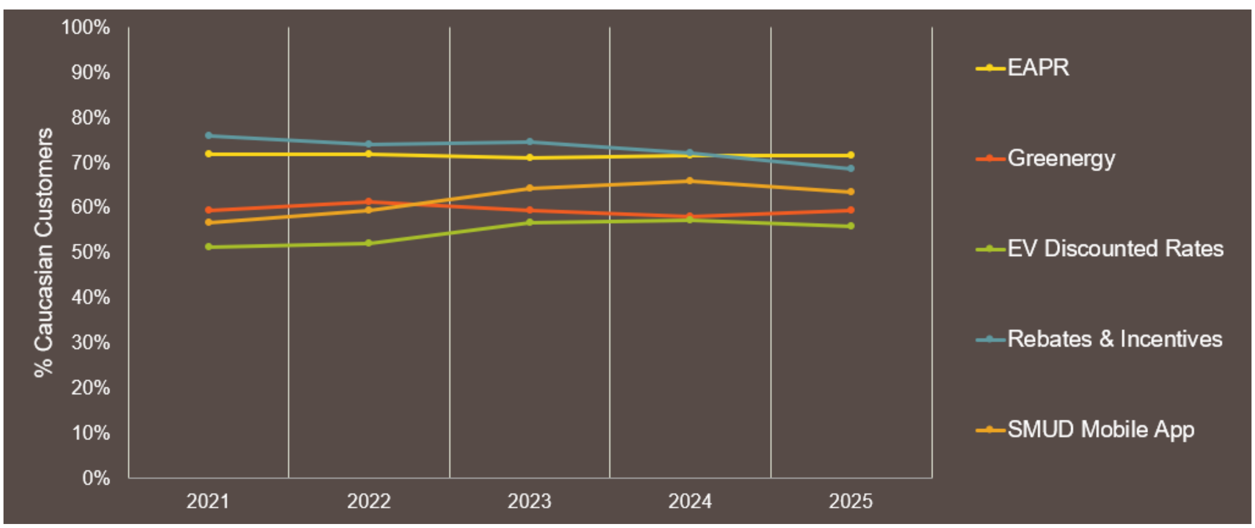
Black – Overall Awareness Trends

For Black customers, we saw nice upticks in the awareness of EV discount rate, rebates and incentives and the SMUD mobile app.



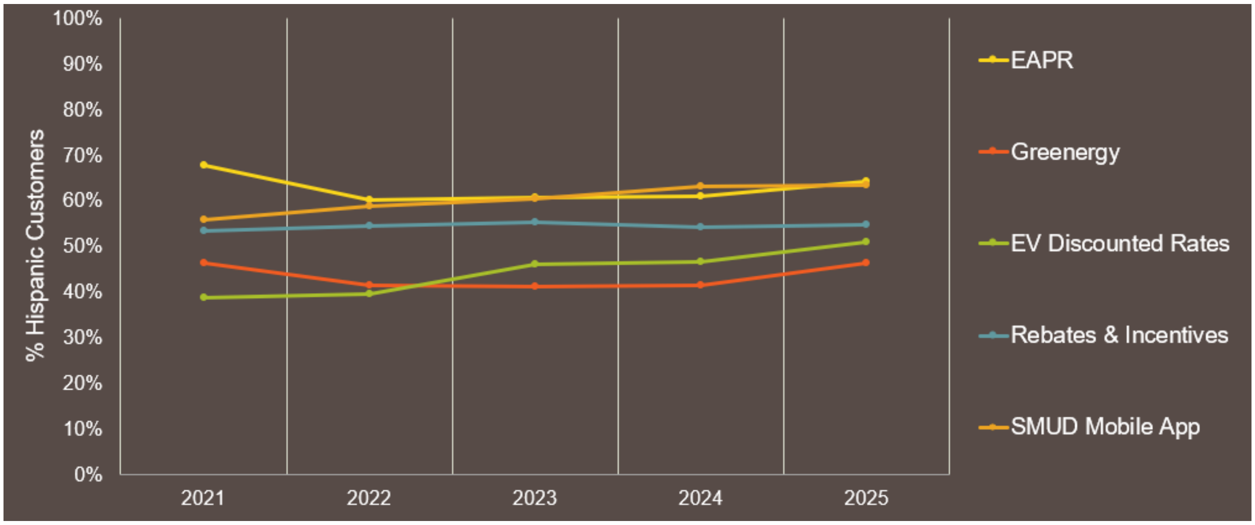
White – Overall Awareness Trends

Among our White customers, we saw the trends were consistent with SMUD overall. Most notable increase in awareness for Greenergy. Rebates and incentives and the SMUD mobile app softened.



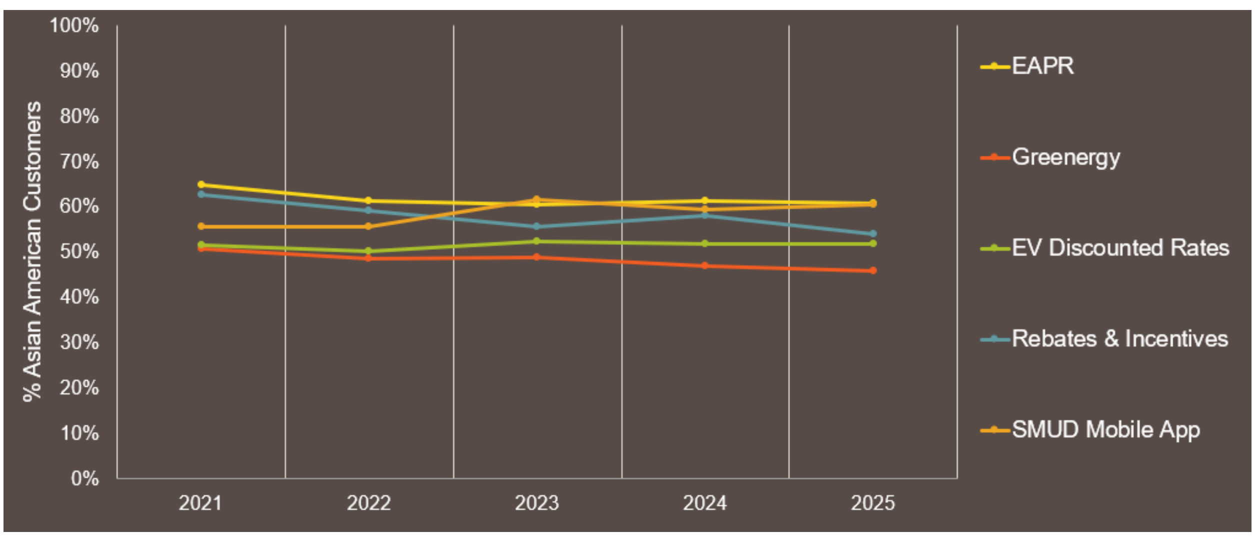
Hispanic – Overall Awareness Trends

Among Hispanic customers, we saw notable increases in awareness across most programs with little movement on the mobile app.



Asian American & Pacific Islander – Overall Awareness Trends

For Asian American and Pacific Islander customers, we saw awareness levels remain fairly stable year over year. Rebates & incentives softened slightly.



DRAFT

RESOLUTION NO. ___________

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

This Board accepts the monitoring report for **Strategic Direction SD-15, Outreach and Communication**, substantially in the form set forth in **Attachment ___** hereto and made a part hereof.

12

SSS No. ET&C 26-017	**BOARD AGENDA ITEM** **STAFFING SUMMARY SHEET**	Committee Meeting & Date ERCS - 08/19/26 Board Meeting Date August 20, 2026

TO		TO	
1.	Bryan Swann	6.	Suresh Kotha
2.	Jennifer Restivo	7.	Brandy Bolden
3.	Jon Olson	8.	Joel Ledesma
4.	Scott Martin	9.	**Legal**
5.	Frankie McDermott	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**		**Yes**	X	**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
David Siao	Energy Trading & Contracts	A404	6672	07/24/26

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager, or her designee, to negotiate and execute Amendment No. 1 to the Transmission Agency of Northern California Project Agreement No. 3, substantially in the form attached.

Summary: SMUD is a member of the Transmission Authority of Northern California (TANC), a joint powers authority established in 1984 to manage the California-Oregon Transmission (COTP) project, a 340-mile long, 500-kilovolt (kV) alternating current transmission line. TANC currently manages the COTP and other transmission assets for its members. Project Agreement (PA) No. 3 describes TANC members' rights and obligations associated with COTP.

Amendment 1 makes multiple updates to PA No. 3, including: streamlining changes to Member Participation Percentages in certain cases; updating North to South Participating Percentages and MW in Appendix C; adding South to North Participating Percentages and MW in Appendix C-1; adding a Table of Return of Layoff Percentages as Appendix C-2; and various other minor or non-substantive changes.

Board Policy: *(Number & Title)* Strategic Direction SD-4, Reliability; Strategic Direction SD-9, Resource Planning; Strategic Direction SD-11, Public Power Business Model

Benefits: Updates PA No. 3 and streamlines the process of making changes to it in certain cases, and delegates future authority for approval of certain amendments to TANC agreements.

Cost/Budgeted: Not applicable.

Alternatives: Do not sign Amendment 1 to PA No. 3 and leave PA No. 3 outdated and incomplete.

Affected Parties: Energy Trading & Contracts and TANC

Coordination: Energy Trading & Contracts, Legal, and TANC

Presenter: Chad Adair, Manager, Energy Contracts

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Amendment No. 1 to Project Agreement (PA) No. 3 with Transmission Agency of Northern California (TANC)	**12**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

AMENDMENT NO. 1
PROJECT AGREEMENT
NO. 3 BETWEEN AND
AMONG
THE TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
AND ITS MEMBERS

This Amendment No. 1 to Project Agreement No. 3 ("Agreement") by and among the Transmission Agency of Northern California, hereinafter referred to as "TANC," and its Members the Cities of Alameda, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Sacramento Municipal Utility District; the Modesto Irrigation District; the Turlock Irrigation District; and the Plumas- Sierra Rural Electric Cooperative, hereinafter referred to as "Members," is hereby made and entered into as of _________, 2026 ("Amendment Effective Date"), based upon the following:

RECITALS

WHEREAS, TANC and its Members desire to modify certain provisions of the Agreement as provided herein;

WHEREAS, TANC and its Members seek to clarify that changes to Transfer Capability may be made without formally amending the Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, TANC and its Members agree as follows:

AMENDMENTS

1. The Table of Contents is revised to delete "Participation Percentages" and replace it with Participation Percentages (N-S)" as Appendix C.
2. The Table of Contents is revised to add as Appendix C-1 "Participation Percentages (S-N)", following Appendix C: Participation Percentages (N-S).
3. The Table of Contents is revised to add as Appendix C-2 "Return of Layoff Percentages", following Appendix C-1: Participation Percentages (S-N).
4. The definition of "Betterment" in Section 1.4 of the Agreement is revised by deleting the phrase "or sixteen hundred (1600) megawatts, whichever is less".
5. The definition of "Executive Committee" in Section 1.8 of the Agreement is deleted in its entirety and replaced with "[Intentionally omitted]".
6. The definition of "Fiscal Year" in Section 1.9 of the Agreement is revised by deleting "September" and replacing it with "June".
7. Section 1.22 of the Agreement is revised to add "and Appendix C-1" after "Appendix C".

8. Section 1.30 of the Agreement is revised by deleting "Section 15060" and replacing it with "Part 101, Definition 34".

9. Section 2.3.1 of the Agreement is revised to add "and Appendix C-1" after "Appendix C".

10. Section 2.3.2 of the Agreement is deleted in its entirety and replaced with the following: "In the event that TANC's entitlement to Transfer Capability changes, the Members' Participation Percentages will be unchanged except as provided in this Agreement. Changes to Members' Participation Percentages shall be permitted without an amendment to this Agreement as follows:

    2.3.2.1 All revisions of Participation Percentages pursuant to this Section 2.3.2 shall require an affirmative vote of the Commission using the voting procedures provided in the Joint Powers Agreement.

    2.3.2.2 Members shall be permitted to revise their Participation Percentages if one or more Members agree to accept an offsetting change in Participation Percentage. All Members whose Participation Percentage change must consent to the change in writing.

    2.3.2.3 Members shall be permitted to acquire Transfer Capability from outside of TANC and transfer that capability to TANC, without amendment to this Agreement subject to an affirmative vote of the Commission using the voting procedures provided in the Joint Powers Agreement and written consent of the Members acquiring the Transfer Capability. Participation Percentages of all Members shall be changed so that the Member acquiring the Transfer Capability retains its existing Transfer Capability and obtains the additional Transfer Capability it has acquired, and is subject to, all the rights and obligations associated with the transfer.

    2.3.2.4 Participation Percentage revisions shall (a) be recorded with an administrative amendment to Appendix C and Appendix C-1; and (b) result in the aggregate Participation Percentages of the Members of one hundred (100) percent."

11. Section 2.3.3 of the Agreement is revised by deleting "Column D" and replacing it with "or Appendix C-1".

12. Section 3.1 of the Agreement is revised by deleting "its Executive Committee or".

13. Section 4.1.1 of the Agreement is revised by deleting "the California Department of Water Resources,".

14. Section 5.3 of the Agreement is revised by adding an internal cross-reference to "Section 2.3.2 and" before "Section 8.3".

15. Section 7.4 of the Agreement is revised by deleting ", Column E" and replacing it with "and Appendix C-1".

16. Section 12.1 of the Agreement is revised by deleting "telephone or in writing within twenty-four (24 hour}" and replacing it with "telephone, in writing, or by electronic media within twenty-four (24) hours" both times this language is used.

17. Section 16.1 of the Agreement is revised by adding an internal cross-reference to Section "2.3.2," after "Sections".

18. Section 19 of the Agreement is revised to add "C-1, C-2," between "Appendices A, B, C," and "D, and E attached.."

19. Appendix C of the Agreement is deleted and replaced with the following table of the Current North to South Participation Percentages:

NEW (ENTITLEMENT AND SCHEDULING)

TANC Member	Member Percentage	Member MW Entitlement (North to South)	MW Scheduling Rights (North to South)	MW Scheduling Rights % (North to South)
SMUD	37.8074%	569.2140	558	37.7793%
MID	23.0546%	347.1014	341	23.0873%
TID	17.1458%	258.1407	253	17.1293%
Santa Clara	9.8108%	147.7077	145	9.8172%
Redding	10.0398%	151.1555	148	10.0203%
Roseville	2.1416%	32.2431	32	2.1666%
Alameda	0.0000%	-	-	0.0000%
Healdsburg	0.0000%	-	-	0.0000%
Lodi	0.0000%	-	-	0.0000%
Lompoc	0.0000%	-	-	0.0000%
Palo Alto	0.0000%	-	-	0.0000%
Plumas	0.0000%	-	-	0.0000%
Ukiah	0.0000%	-	-	0.0000%
Total	**100.0000%**	**1,505.5625**	**1,477**	**100.0000%**
Scheduling Rights include the 29MW layoff to WAPA				
COTP Participants	**Participant Percentage**	**Participant MW Entitlement (North to South)**	**MW Scheduling Rights (North to South)**	**MW Scheduling Rights % (North to South)**
TANC	88.5625%	1,505.5625	1,477	86.8824%
Western	9.3750%	159.3750	188	11.0588%
PG&E	2.0625%	35.0625	35	2.0588%
Total	**100.0000%**	**1,700.0000**	**1,700**	**100.0000%**

20. Appendix C-1 is added to the Agreement to include the following table of the Current South to North Participation Percentages:

TANC Member	Member Percentage	Member MW Entitlement (South to North)	MW Scheduling Rights (South to North)
SMUD	37.8074%	410.17	402.00
MID	23.0546%	250.12	245.00
TID	17.1458%	186.01	182.00
Santa Clara	9.8108%	106.44	105.00
Redding	10.0398%	108.92	107.00
Roseville	2.1416%	23.23	23.00
Alameda	0.0000%	-	-
Healdsburg	0.0000%	-	-
Lodi	0.0000%	-	-
Lompoc	0.0000%	-	-
Palo Alto	0.0000%	-	-
Plumas	0.0000%	-	-
Ukiah	0.0000%	-	-
Total	**100.0000%**	**1,084.8906**	**1,064**
COTP Participants	**Participant Percentage**	**Participant MW Entitlement (South to North)**	**MW Scheduling Rights (South to North)**
TANC	88.5625%	1,084.8906	1,064
Western	9.3750%	114.8438	136
PG&E	2.0625%	25.2656	25
	100.0000%	1,225.0000	1,225

21. Appendix C-2 is added to the Agreement to include the following table to document the Return of Layoff Percentages:

	A	B	C	C	D			E		E
TANC Member	PA-3 Member Percentage Pre Layoff	PA-3 Member Percentage Current	NCPA Layoff Percentages	SVP Layoff Percentages	Palo Alto Layoff Percentages	PA-3 Member Percentage Conclusion of Layoff	Member MW Entitlement (North to South)	MW Scheduling Rights (North to South)	Member MW Entitlement (South to North)	MW Scheduling Rights (South to North)
SMUD	27.5631%	37.8074%	2.5492%	6.8058%	1.6339%	26.8185%	403.7692	393	290.9513	282
MID	21.2960%	23.0546%	0.4902%	1.3088%	0.4137%	20.8419%	313.7872	307	226.1114	221
TID	12.5393%	17.1458%	0.8824%	2.3559%	1.6339%	12.2736%	184.7872	179	133.1554	129
Santa Clara	20.4745%	9.8108%	0.0000%	-10.4705%	0.0000%	20.2813%	305.3479	303	220.0301	219
Redding	8.4119%	10.0398%	0.0000%	0.0000%	0.0000%	10.0398%	151.1555	148	108.9208	107
Roseville	2.1119%	2.1416%	0.0000%	0.0000%	0.0000%	2.1416%	32.2431	32	23.2340	23
Alameda	1.2272%	0.0000%	-1.2272%	0.0000%	0.0000%	1.2272%	18.4763	19	13.3138	13
Healdsburg	0.2456%	0.0000%	-0.2456%	0.0000%	0.0000%	0.2456%	3.6977	4	2.6645	3
Lodi	1.9201%	0.0000%	-1.9201%	0.0000%	0.0000%	1.9201%	28.9083	29	20.8310	21
Lompoc	0.1865%	0.0000%	-0.1865%	0.0000%	0.0000%	0.1865%	2.8079	3	2.0233	2
Palo Alto	3.6815%	0.0000%	0.0000%	0.0000%	-3.6815%	3.6815%	55.4273	55	39.9402	40
Plumas	0.1479%	0.0000%	-0.1479%	0.0000%	0.0000%	0.1479%	2.2267	2	1.6046	2
Ukiah	0.1945%	0.0000%	-0.1945%	0.0000%	0.0000%	0.1945%	2.9283	3	2.1101	2
Total	**100.0000%**	**100.0000%**	0.0000%	0.0000%	0.0000%	100.0000%	1,505.5625	1477	1,084.8906	1064

A) Member Percentages before lay-off, purchase of water districts shares, and City of Redding moving shares of COTP outside of TANC into TANC.
B) Member Percentages after lay-off, purchase of water districts shares, and City of Redding moving shares of COTP outside of TANC into TANC.
C) 2014 lay-off agreement TANC resolution 14-03
D) 2009 lay-off agreement TANC Resolution 09-01
E) Includes the TANC/WAPA layoff agreement
E) Includes the TANC/WAPA layoff agreement

22. Appendix E (Billing Addresses of the Parties) of the Agreement is updated to include the billing address of the Cities of Alameda, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Sacramento Municipal Utility District; the Modesto Irrigation District; and the Turlock Irrigation District.

Except as set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect. In case of a conflict in the terms of the Agreement and this Amendment No. 1, the provisions of this Amendment No. 1 shall control.

This Amendment will become effective when TANC and its Members have each signed below and shall be effective as of the Amendment Effective Date specified above. TANC and its Members intend that this Amendment shall not bind any Party unless it is executed by all Parties.

CITY OF ALAMEDA

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

CITY OF HEALDSBURG

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

CITY OF LODI

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

CITY OF LOMPOC

By: ________________________________

Name: ________________________________

Title:________________________________

Date: ________________________________

MODESTO IRRIGATION DISTRICT

By: ________________________________

Name: ________________________________

Title:________________________________

Date: ________________________________

CITY OF PALO ALTO

By: ________________________________

Name: ________________________________

Title:________________________________

Date: ________________________________

CITY OF REDDING

By: ________________________________

Name: ________________________________

Title:________________________________

Date: ________________________________

CITY OF ROSEVILLE

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

CITY OF SANTA CLARA

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

TURLOCK IRRIGATION DISTRICT

By: ______________________________________

Name: ______________________________________

Title:______________________________________

Date: ______________________________________

CITY OF UKIAH

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

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RESOLUTION NO. ___________

WHEREAS, SMUD is a member of the **Transmission Agency of Northern California (TANC)**, a joint powers authority established in 1984 to manage the **California-Oregon Transmission Project (COTP)**, a 340-mile long, 500-kilovolt (kV) alternating current transmission line; and

WHEREAS, by Resolution No. 90-03-10, adopted on March 15,1990, this Board authorized the General Manager to execute the **TANC Project Agreement No. 3 (PA3)** for the **COTP**; and

WHEREAS, **TANC** currently manages the **COTP** and other transmission assets for its members; and

WHEREAS, the **TANC PA3** describes **TANC** members' rights and obligations associated with the **COTP**; and

WHEREAS, **Amendment No. 1** to the **TANC PA3** makes multiple updates, including streamlining changes to Member Participation Percentages in certain cases, updating North to South Participating Percentages and megawatts (MW) in Appendix C, adding South to North Participating Percentages and MW in Appendix C-1, adding a Table of Return of Layoff Percentages as Appendix C-2, and various other minor and non-substantive changes; **NOW, THEREFORE**,

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

Section 1. That the Chief Executive Officer and General Manager, or her designee, is authorized to negotiate and execute **Amendment No. 1** to

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Transmission Agency Northern California Project Agreement No. 3 dated March 15, 1990, substantially in the form of **Attachment __**.

Section 2. That the Chief Executive Officer and General Manager, or her designee, is authorized to make future changes to the terms and conditions of the Agreement that, in her prudent judgment: (a) furthers the primary purpose of the Agreement; and (b) are intended to provide a net benefit to SMUD.