

Exhibit to Agenda Item #2

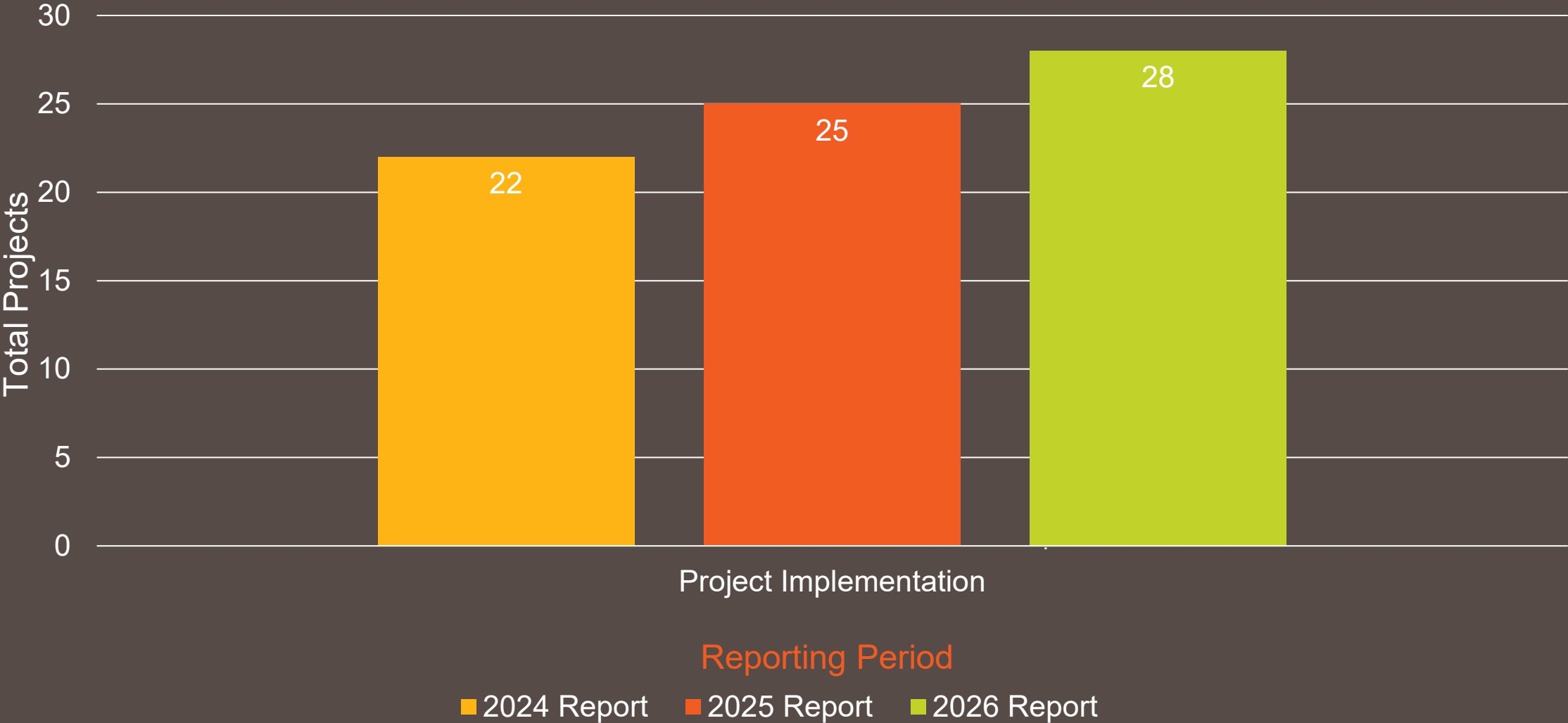
Discuss the monitoring report for **Strategic Direction SD-10, Innovation.**

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, October 7, 2026, scheduled to begin at 6:00 p.m.
SMUD Headquarters Building, Auditorium

SD 10 Innovation

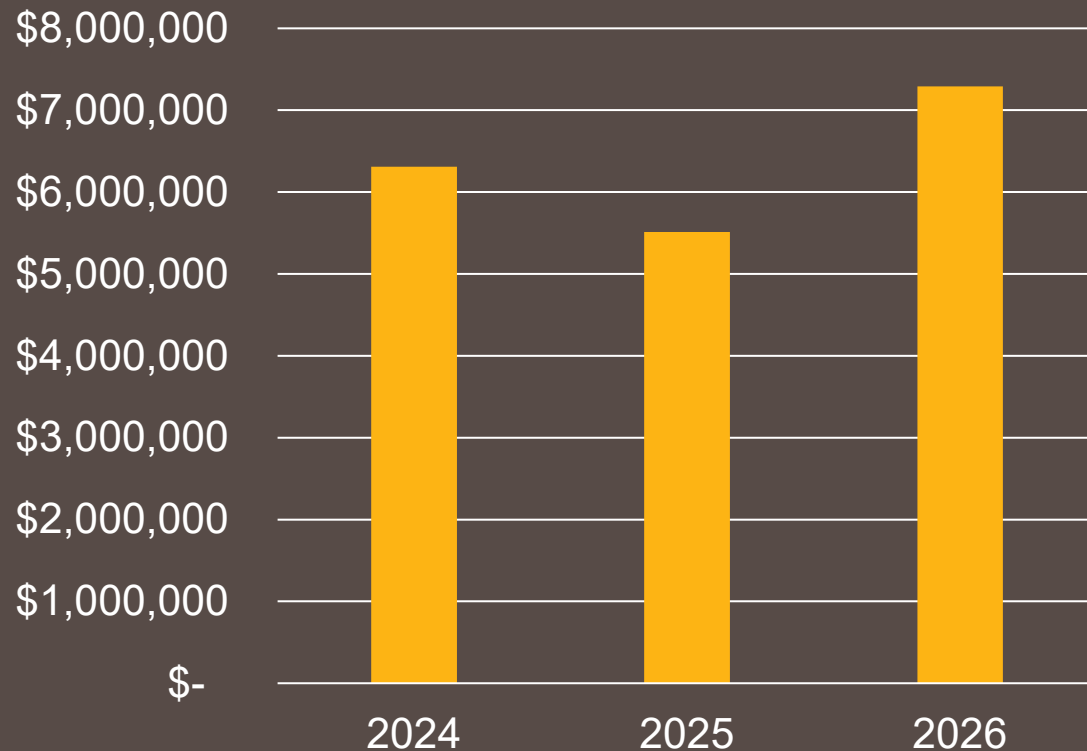
Delivering innovative solutions, products and services to our customers is a core value. To assure our long-term competitiveness, SMUD shall invest in research and development projects that support its core and key values and integrate emerging technologies and new business models into SMUD's customer offerings in a way that balances risk and opportunity and benefit our customers and community.

3-Year Project Trend

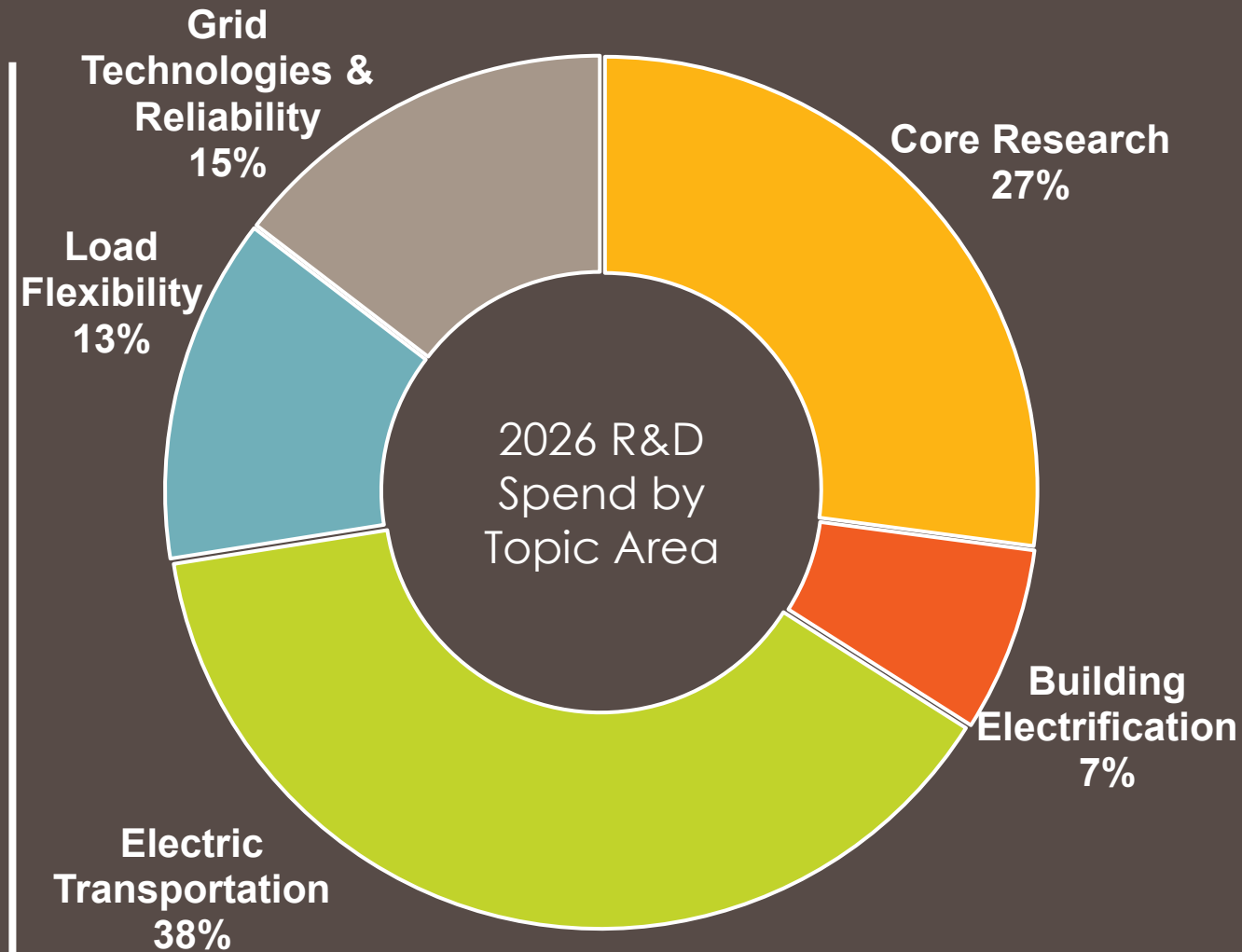


3-Year Budget Trend

Research and Development Budget Trend



* 2026 spending includes grant funded projects



Portfolio Highlights

EV Ecosystem

Access to EV charging

- FAST Grant construction underway at Sac State and the airport (SMF)
- Public charger network go live in 2027
- Launching Research on vandalism mitigation strategies



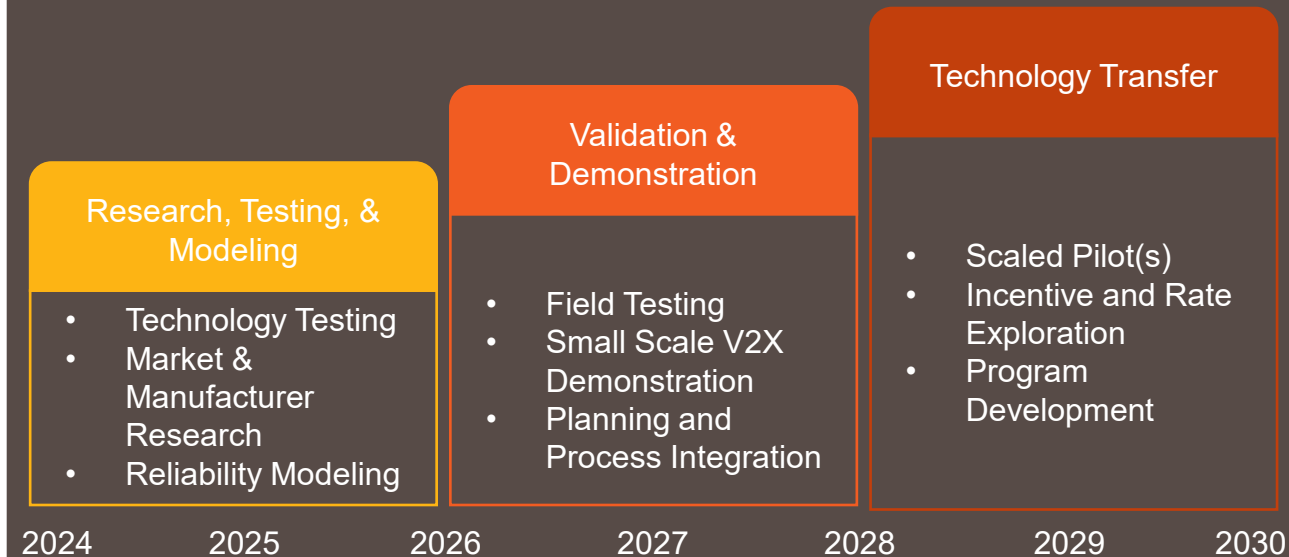
Construction underway at Sac. State



Charger Vandalism in Sacramento

Vehicle to Grid Solutions

- Managed Charging reliability modeling
- Residential Managed EV Charging pilot transitioning to operations
- Light duty vehicle to grid charging demo

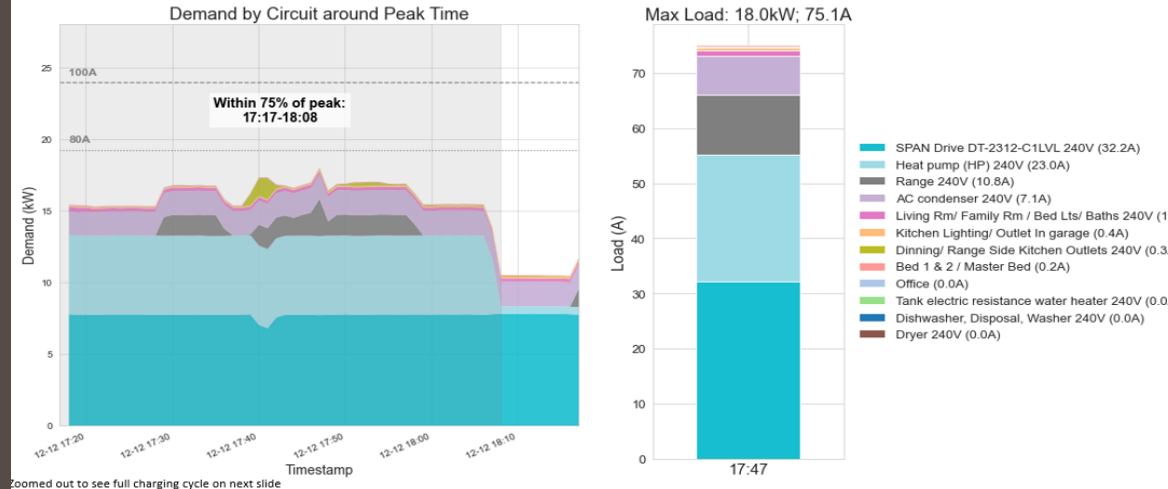


Distributed Energy Resources

DER Integration, Operation and Control

- New technology evaluation process pilot
 - Meter Collar Adapters
- Rooftop HVAC bill impact calculator
- Commercial Virtual Power Plant pilot design
- Smart panel demo of service upgrade avoidance

House 2, Peak 2 – December 12, 2026 (5:17pm-6:17pm)



Peak Load: 18.0kW @ 5:47pm

Smart Panel throttling EVSE to stay below capacity threshold of 19.2 kW (80 amps)



Research Focus

- Streamline integration and operation of DERs
- Reduce barriers to electrification
- Approaches to incentives and participation payments
- Innovation and new technology readiness

Robotics at SMUD

Wide-area AI-enabled Fire Detection

- Installation of the NextPower Vantage to the Rancho Seco 2 solar generation site.
- Supplements dedicated infrastructure fire monitoring & protection



- AI-based visual processing for early detection of fires in proximity that pose risk to infrastructure.

Robot Assisted Substation Inspection

- ANYbotics ANYmal robots paired with 3 substation inspectors for infrared imaging and partial discharge testing.
- 57 of 270 substations commissioned to date.



- Future pilot for substation security inspection

Grid Innovation

Advanced Transmission Technologies

- Monitoring of Advanced Transmission Technologies undergoing lab testing by EPRI
- ATTs can offer an accelerated timeline over traditional transmission projects



Advanced Inverters & Batteries

- Continued utilization of MEPPi lithium-ion battery for testing
- Planning underway as a potential platform for grid forming inverter testing, to fill reliability gaps with growing inverter penetration



Carbon Farming & Ecosystem Services

- Recent composite soil testing at the Clay East hedgerow showed a 9% increase in carbon matter and soil organic carbon since baseline testing two years ago, exceeding near-term expectations, while stewardship efforts continue through soil, pollinator, and plant survival monitoring.

Core research and partnerships

Electric Power Research Institute (EPRI)

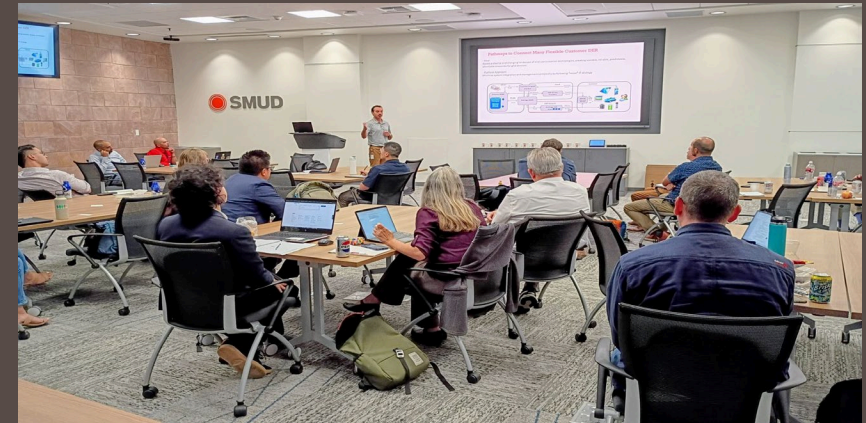
- EPRI supplemental projects
 - FLEXIT – standardize software integrations for flexible grid support from customer DERs
 - EVs2Scale – produced GridFAST portal to increase utility visibility into customer fleet electrification plans and infrastructure needs



SMUD Presenting at 2026 EPRI Member Advisory meeting

Leading Industry Engagement

- Advisory Board for UCDavis Energy and Efficiency Institute
- National Lab of the Rockies
- Vehicle-Grid Integration Council provides national advocacy advancing role of flexible EV charging
- Utility Knowledge Forum – SMUD hosted in Aug

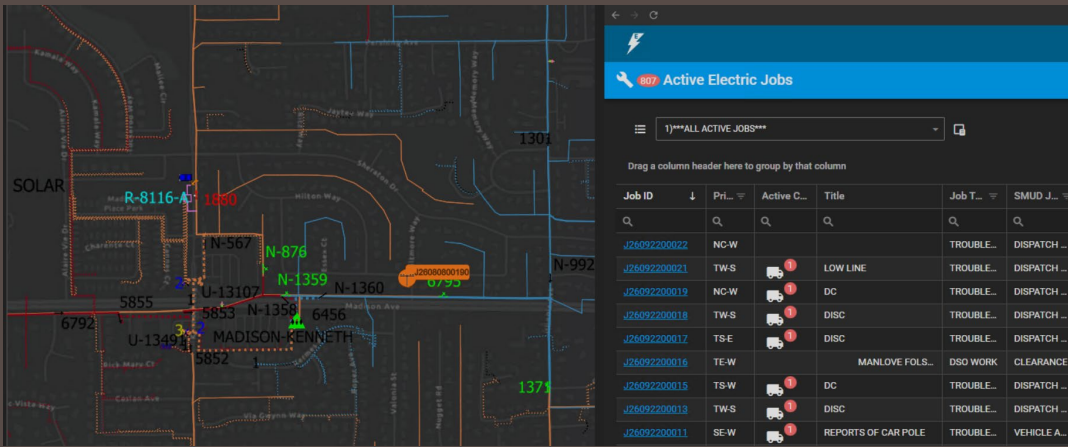


2026 NW Utility Knowledge Share Conference Hosted at SMUD

But wait, that's not all...

New Outage Management System

- Implementing new OMS module with existing ADMS/DERMS



SMUD GPT + Custom models

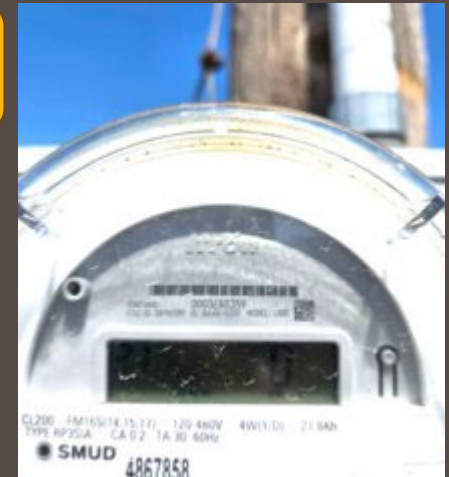
- Staff have developed over 100 custom models increasing internal efficiencies

Microgrids

- Case study feasibility assessment and site design for microgrid with Hiram Johnson H.S.
- Contracting and design underway for microgrid at Grant Union H.S.

Grid Edge Intelligence

- Next generation meters are the foundation for Distributed Intelligence applications
 - Location awareness improves GIS accuracy



Conclusion

Request the Board accept the
SD-10 Monitoring Report.