

Exhibit to Agenda Item #3

Discuss the monitoring report for **Strategic Direction SD-19, Diversified Business.**

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

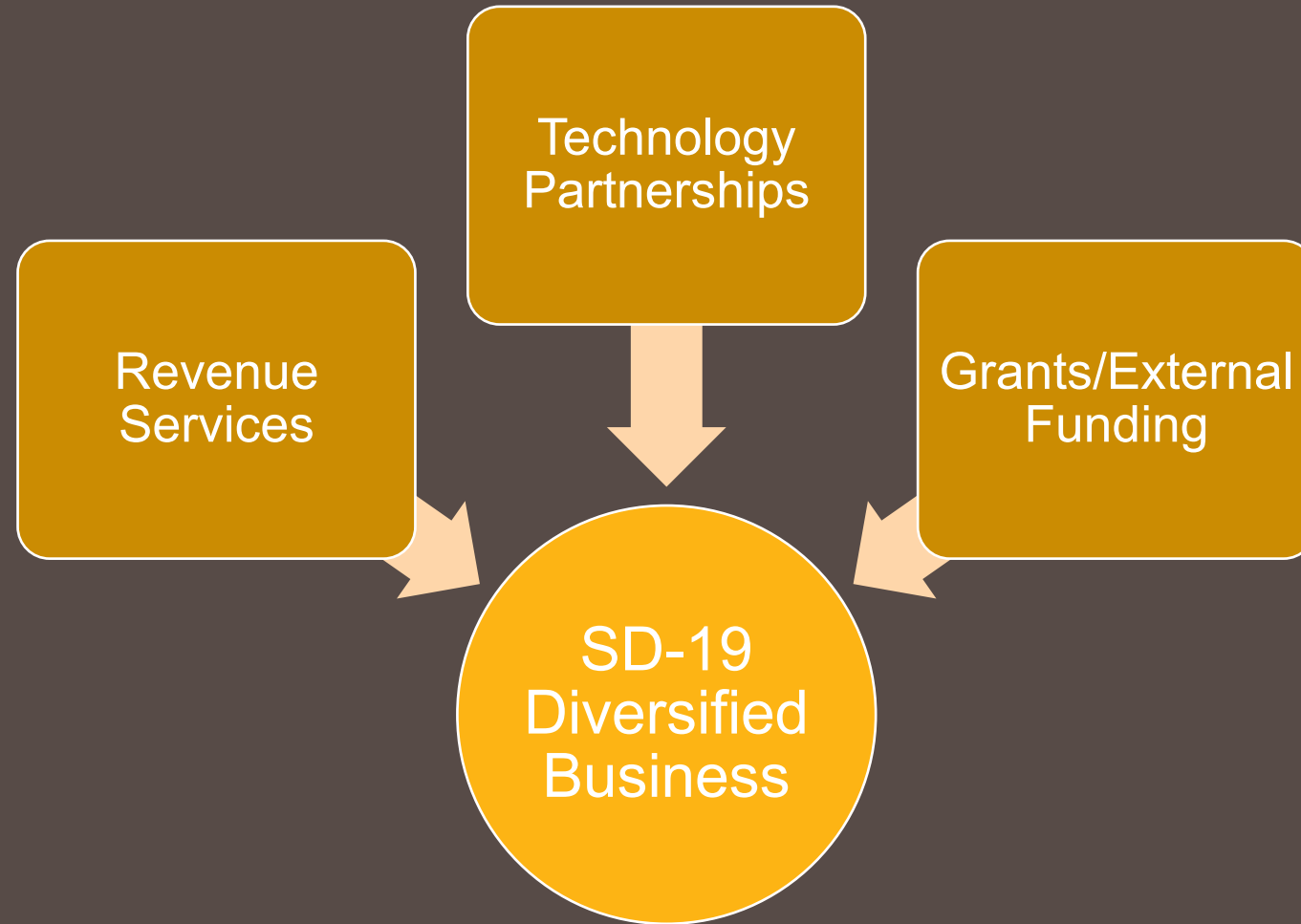
SD-19 Diversified Business

Broadening and diversifying the products and services that SMUD offers is a key value. The desired results are to: a) generate new revenues that contribute to SMUD's long-term financial health; b) spur the creation of innovative products and services; c) capture the value of SMUD's brand and intellectual property; d) better leverage and optimize SMUD's assets; and e) enable SMUD to continue to attract and retain a talented workforce.

Therefore:

- a) SMUD shall broaden and diversify its lines of business, which may include:
 - i) Being an external service provider;
 - ii) Expanding wholesale energy market opportunities;
 - iii) Capitalizing on intellectual property and assets to develop products and services either solely or through strategic partnerships;
 - iv) Selling products and services aligned with SMUD's purpose and Strategic Directions.
- b) SMUD shall ensure any new lines of business:
 - i) Benefit SMUD's customers and our community;
 - ii) Achieve a balanced, diversified portfolio of rewards and risks;
 - iii) Create economic value without compromising SMUD's financial health;
 - iv) Do not pose unreasonable risk to SMUD's reputation;
 - v) Align with, leverage, and optimize SMUD's strengths, assets and expertise;
 - vi) Position SMUD for the future.

SD-19 Approach



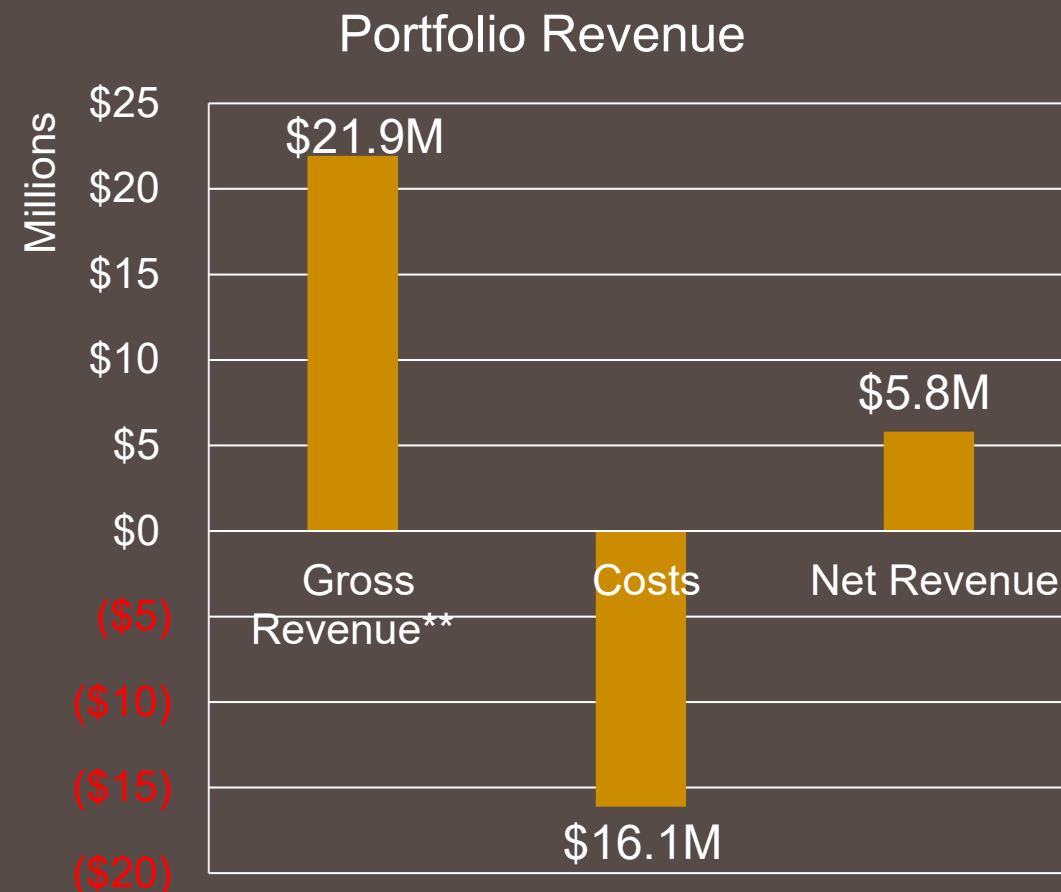
New Business Development Strategy & Results



- Funnel ideas to promising opportunities
- Intake: 10 connections in strategic partnerships database*
- Monitoring 5 ongoing strategic partnerships

* Does not capture all new leads and connections created across SMUD

** Partnership revenue may include revenue sharing agreements, intellectual property royalties, and/or service-based payments. Future product discounts, stock warrant value, and other unrealized benefits are not accounted for as revenue.



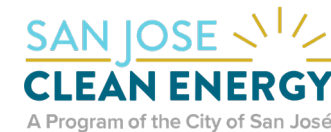
Community Energy Services

Highlights

- Eight years in operation
- Currently serving 9 of the states 25 Community Choice Aggregators (CCA's) representing 2.8M meters
- Twelve (12) major service offerings (up from 7 in 2022) including Electrification Concierge, Marketing, Billing and Data Management

Looking Ahead

- CCA industry maturing; clients seeking high level of service with increasing price sensitivity, while focused on their own brand and autonomy



SMUD's Technology Partners

Partner	Area	Partnership
	ADMS / DERMS	Revenue sharing on co-developed Distributed Energy Resource Management System (DERMS) applications
	Smart meter and customer data platform	Joint Sales Agreement (JSA) in 2024, SMUD supports marketing and outreach to generate sales opportunities
	Customer engagement and load flexibility	Energy Store generates shared revenue from sales. Product mix and customer experience are continually improved to meet customer needs and SMUD programs
	Customer Experience Platform Development	Platform development focused on core functionality and opportunities to improve customer experience
	Battery Manufacturer	Partnership concluded in 2025

Grants / External Funding

SMUD Project Costs \$239,615,960



■ Award: \$93,893,376 ■ Cost Share: \$145,722,583

- 12 active grants under management
- Notable, new grants:
 - California Energy Commission (CEC): California Energy Reliable & Resilient Infrastructure (CERRI)- signed 2025
 - Valley Vision: Capital Region Skilled Trades Workforce Pipeline Project- signed 2025
 - CA Dept of Fish & Wildlife : Invasive Mussel Prevention Project, Rancho Seco Lake- signed 2025
- Successfully closed out 4 grants including the Matsui Designated Award for Meadowview Neighborhood Electrification



U.S. DEPARTMENT
of ENERGY



FEMA



State of California

Department of Fish and Wildlife

Advanced Manufacturing – Regional Development



Companies	Manufacturing Technology
Peak Energy	Sodium-ion Battery
Qnetic Energy	Flywheel Battery
SPARKZ	Battery Cathode
LiCAP	Battery Electrode
Cal EPIC	EVSE Testing & Technician Training

Emerging Opportunities
Electric Vehicle Charger Manufacturing
Battery Recycling
Semi-Conductor Design & Fabrication

California Energy, Power & Innovation Collaborative (Cal EPIC)

- **\$5.4 million funding secured in 2025-2026**
 - Including CA Govt grants and funding from foundations
- **Moved to a new facility in Depot Park**
 - Building 1, Bay 6 – 33,000 sq. ft. with a potential for expansion
- **Training programs with Rivian and other partners**
 - Continuing the 24-week Rivian EV Technician training program
- **Over 900 people trained by Cal EPIC since 2023**
 - Focus on community partnerships has yielded trainees from our communities
- **“ChargeYard” (via CEC grant)**
 - California’s first publicly accessible Electric Vehicle Service Equipment (EVSE) testing center where charger & EV manufacturers come together to work on plug & charge and Vehicle 2 Grid (V2G) standards



Recommendation

- SMUD in compliance with SD-19
- Recommend Board accept 2025 SD-19 Monitoring Report