

Exhibit to Agenda Item #1

Discuss the monitoring report for Strategic Direction SD-11, Public Power Business Model.

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

Public power business model



Core value

SD-11 guides legislative and regulatory advocacy



In compliance with SD-11

Public power business model SD-11



Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance.



Community-owned utilities are primarily accountable to their customers, not stockholders. Community citizens have a direct voice in public power decisions.



Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

State Legislative Issues



Sponsored Legislation

- AB 2457 allows SMUD to continue our nonstock security authority.
- Bill was signed into law, with broad coalition of supporters.
- Pilot authority extends to 2035, with a total of 6 acquisitions.
- Expands authority to services.



State Legislative Issues

Taxpayer Deception/Protection Act – ballot measure that would have, among other things, changed cost of service metrics.

Status: California Supreme Court removed initiative from the November ballots.

AB 2221 – would have imposed harmful time approvals on broadband pole attachments.

Status: Did not pass

AB 3062 – would have imposed burdensome reporting requirements for hot work

Status: Amended to limit reporting requirements to prescribed burns only.

Regional Markets Update

West-Wide Governance Pathways Initiative has developed a governance proposal with 3 steps:

- 1 EIM/EDAM Governing Body approved.
- 2 Creation of a new “regional organization.”
This will require legislation in California.
- 3 Longer-term expansion of regionalized functions.



State Regulatory Issues

Low Carbon Fuel Standard Credit



CARB approved new amendments resulting in
~\$4 million per year benefit for SMUD.

State Regulatory Issues

Load Management Standard

- Responding to the CEC's determination that SMUD must incorporate dynamic rates or update our Compliance Plan Analysis.
- Continuing to emphasize the role of load flexibility in achieving our 2030 Clean Energy Vision.

Power Source Disclosure

- Advocated for the inclusion of a pathway for counting Carbon Capture and Storage technology.



State Regulatory Issues

2025 Energy Code

- Supported the expansion of heat pump baselines and requirements for space and water heating.

Cap-and-Trade

- Significant pre-rulemaking activity in 2024.
- Anticipate formal amendments in 2025.



Federal Issues

Energy Permitting Reform Act.

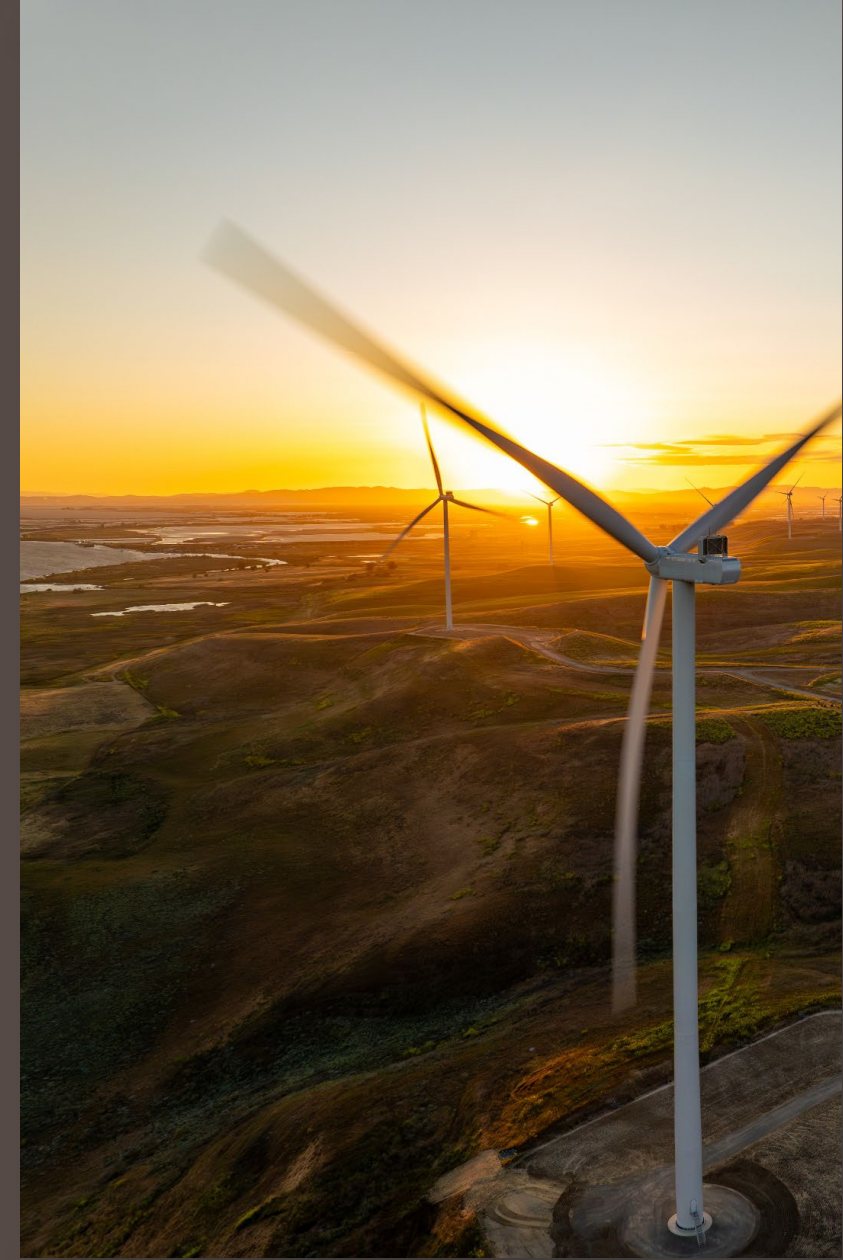
- S 4753 would upend the ability for public power to voluntarily participate in interregional planning. SMUD expressed concerns with Senator Padilla.

Fix our Forests Act

- H.R. 8790 would expedite forest management activities on federal land. It is unlikely to advance in the Senate.

FERC Order 1920

- Advocated for cost containment elements and two such controls were included.



Q&A