Exhibit to Agenda Item #4

Discuss, with possible amendment, Strategic Direction SD-2, Competitive Rates.

Board Policy Committee and Special SMUD Board of Directors Meeting
February 10, 2021, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
Proposed Revisions to SD-2, Competitive Rates

Maintaining competitive rates is a core value of the District SMUD.

Therefore:

a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company’s published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E’s published rates for each customer class.

b) SMUD’s rates of change for both rates and bills shall be competitive with other local utilities on a system average basis.

c) In addition, SMUD’s rates shall be designed to balance and achieve the following goals:

   i) Reflect the cost of energy when it is used or exported to the SMUD grid;

   ii) Reduce use on peak consumption during periods of high system demand;

   iii) Encourage energy efficiency and conservation and carbon reduction;
Proposed Revisions to SD-2, Competitive Rates

iv) **Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs)** (examples of DERS include, but are not limited to, rooftop solar, battery storage, and energy reduction applications;

v) **Minimize the rate of change “sticker” shock** in the transition from one rate design to another;

vi) **Provide customers Offer flexibility and choices options**;

vii) **Be as simple and easy to understand as possible**;

viii) **Address Meet** the needs of people with fixed low incomes and severe medical conditions; and

viii ix) **Equitably allocate costs across and within customer classes**.