Exhibit to Agenda Item #1d

Enterprise Strategy 2022 Proposed Budget.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, November 9, 2021, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
Enterprise Strategy

2022 Proposed Budget & Initiatives

Scott Martin
Chief Strategy Officer
## Business Segments & Functions

### Enterprise Strategy

<table>
<thead>
<tr>
<th>Resource Strategy</th>
<th>Customer &amp; Grid Strategy</th>
<th>Revenue Strategy</th>
<th>Enterprise Prioritization</th>
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<tr>
<td>Strategic Resource Planning</td>
<td>Customer Strategy</td>
<td>Pricing</td>
<td>Enterprise Prioritization</td>
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<td>Market Strategy</td>
<td>Grid Strategy</td>
<td>Load Research &amp; Forecasting</td>
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<td>DER Strategy</td>
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<td>Strategic Planning</td>
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<td>Evaluation, Measurement &amp; Verification</td>
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The Strategy Process

- New Tech/IT
- Economy
- Customer/Community
- Strategic Direction (SDs)
- Regulatory Landscape
- Operational Reality
- Performance/Results

Enterprise Strategy
Transparent Accountable Nimble

Learn | Re-Assess | Adjust | Improve
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Programs, Pilots, Projects, Research
Resource Allocation - Capital & O&M
Enterprise Priorities
Goals and Metrics
Customer/IT/Operations/Regulatory
2022 Strategy

Natural gas generation repurposing
Retire 2 power plants by 2025 and retool remaining 3

Proven clean technology
Expand SMUD’s renewable and battery storage resources by 3.5x
Support customer resources

New technology & business models
Pilot & scale new projects and programs

Financial
- Grants & partnerships
- Rate increases < Rate of inflation

Maximize community benefits
- Strengthen all communities
- Involve our customers & community in this transition

Reduction of greenhouse gas emissions

Continue Implementation of Zero Carbon Plan Strategy
- Operations & Safety
- Legal & Regulatory
- IT
- Customer & Communities
- Diversity, Equity and Inclusion

100% Zero carbon by 2030
Safety & Reliability

- Maintain a ZERO injury culture
- Ensure safe and reliable delivery of electricity to our customers
  - Plan clean resources needed to transition away from our natural gas plants
  - Develop market strategy that supports our clean future
- Research reliable and safe alternatives to our natural gas plants
  - Emerging clean grid scale as well as distributed and customer resources
- Engage Distributed Energy Resources (DERs)
  - Partner with our customers and leverage their investments and connected devices
Affordability

- Implement revenue strategy aligned with 2030 Zero Carbon Plan
  - Implement new Solar + Storage Rate, Critical Peak Pricing and Virtual Power Plant pricing and incentives
  - Develop specialized rates to support strategic objectives, including Electric Vehicle (EV) and microgrids

- Minimize the cost of the 2030 Zero Carbon Plan
  - Pursue competitive solicitations for renewables and storage
  - Increase operational efficiencies
  - Promote load growth to bring new revenue

SD-2,3,5

SD-2,7,10
Organizational Agility

- Implement Enterprise Prioritization to ensure alignment and focus the organization on the top priorities for SMUD
  
- Align future pricing to support the 2030 Zero Carbon Plan

- Expand and refine evaluation efforts to understand performance and adjust strategy

- Facilitate rapid discovery and evaluation of innovative ideas through IdeaHub

SD-2,10,17

SD-2,7,9,10

SD-2,7,10

SD-2,10
Environmental Leadership

- **Drive aggressive Greenhouse Gas (GHG) reductions**
  - Expand renewables and battery storage while maximizing local benefits
  - Explore and expand decarbonization offerings to support under-resourced communities
  - Research and evaluate emerging technologies for promising solutions

- **Electrify Sacramento**
  - Expand residential and commercial electrification offerings supporting aggressive building and transportation GHG reductions
  - Increase focus on electric vehicle charging infrastructure with a plan to offer support for growth in Medium and Heavy Duty Zero Emissions Vehicles

SD-7,9,10
Community Vitality

- Ensure no community left behind
  - Develop strategy for Low & Moderate Income (LMI) and under-resourced communities to increase engagement and strengthen linkage with the 2030 Zero Carbon Plan
  - Utilize the 2030 Zero Carbon Plan to advance workforce development & job pipelines to support regional economic development and expand opportunities for under-resourced communities

- Bring the benefits of the 2030 Zero Carbon Plan to under-resourced communities
  - Implement solutions to enable thermal plant retirements
  - Implement local solar and storage solutions that provide both customer and community benefits, including Virtual Solar
  - Improve local air quality within under-resourced communities through increased building and transportation electrification
# 2022 Proposed Budget

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<tr>
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<th>2021 Forecast</th>
<th>2021 Budget O&amp;M</th>
<th>2022 Proposed</th>
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<tr>
<td>Millions</td>
<td>$12.8</td>
<td>$11.9</td>
<td>$16.9</td>
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- **2021 Forecast**
- **2021 Budget O&M**
- **2022 Proposed**

> SMUD

November 9, 2021