

Rate changes in 2022 and 2023

smud.org/RateInfo

SMUD's 2021 Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services has been approved by SMUD's Board of Directors and includes the following rate changes.

- An increase in rates in 2022 and 2023.
- A new Solar and Storage Rate for customers that add onsite generation, such as rooftop solar.
- A new optional Critical Peak Pricing rate to help meet peak energy demand when it's needed most.
- The delay of the commercial rate restructure implementation due to COVID-19, now planned for late 2021, and minor tariff language changes.

A separate proposal to revise SMUD's Open Access Transmission Tariff (OATT) has also been approved.

Rate increases in 2022 and 2023

A 1.5% rate increase will be effective March 1, 2022 and a 2% rate increase will be effective January 1, 2023 for all residential and non-residential customers. The rate increases are well below the forecasted rate of inflation and support SMUD's commitment to keep rate increases at or below inflation through 2030.

Why the rate increase is needed

We work hard to control costs and operate as efficiently as possible. The need for the modest rate increases is due to several factors, including:

- Wildfire prevention and mitigation.
- Infrastructure improvements to maintain high reliability.
- Clean energy compliance requirements.
- Increased operating costs, including materials and labor costs.

How this will impact customer bills

For both residential and non-residential customers, bill impacts will depend on how much electricity customers use each month.

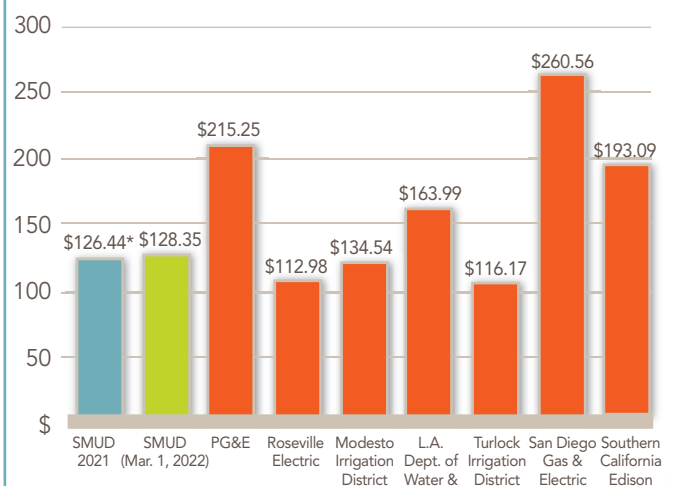
The average residential customer will see an increase of about \$1.91 per month in 2022 and an additional \$2.57 per month in 2023.



How our rates compare

As a community-owned, not-for-profit electric utility, SMUD's rates are among the lowest in California and are on average about 36.5% lower than those of neighboring PG&E.

Average monthly residential customer bill



*SMUD average bill reflects both previously adopted rate increases for 2021.



Solar and Storage Rate

A new Solar and Storage Rate for customers approved to connect to SMUD's grid on or after March 1, 2022.

This new rate structure and supporting programs and incentives will transform the market from solar only to solar and storage because of the greater value and broader benefits pairing solar with storage brings to all customers. This new rate is the outcome of extensive collaboration with representatives from the solar and storage industry that began in 2019.

Here are key details about the rate:

- Solar customers on the existing Net Energy Metering (NEM 1.0) rate can remain on that rate through 2030.
- We'll provide incentives and programs to encourage the adoption of solar with energy storage (batteries) and continue to support the solar and storage industry.
- When solar customers have excess power they do not use or store in their battery, they can sell it back to SMUD.
- This rate includes SMUD buying this excess electricity from the customer for 7.4¢/kWh, no matter the time of day or season.
- This rate will be effective March 1, 2022.
- Along with the new rate, SMUD will assess a one-time fee to connect new solar systems to SMUD's grid to recover the cost of providing that service, which includes a technical document review, validation of system sizes, integration costs into our distribution system and processing of the application. SMUD was one of the few utilities that did not charge a fee.

- The interconnection fee will be applied to all new systems starting March 1, 2022.

Along with this new solar and storage rate, we're committed to bringing the benefits of solar to our under-resourced multi-family dwelling communities through a Virtual Net Energy Metering program, where solar and storage customers can share their clean solar energy through our grid with others in the community.



For more information about what was approved from the 2021 rate proposal, please visit smud.org/RateInfo.



Critical Peak Pricing Rate

SMUD's Board of Directors approved a new Critical Peak Pricing (CPP) Rate option for residential customers effective June 1, 2022. The Time-of-Day (TOD) 5-8 p.m. Rate remains the standard rate for all residential customers.

The CPP Rate is designed to allow our customers to help reduce demand on our grid during times when there are emergency conditions with the power system or energy demand is at its highest. Customers who voluntarily participate in the CPP Rate will be asked to reduce their energy usage and dispatch their stored energy if they have a battery to help conserve electricity when it's needed most to take pressure off of our grid.

The CPP Rate works by charging an additional price per kWh during an event. The events will last 1-4 hours and may be called any time of the day during the summer months (June – September), including weekends and holidays, but may only be called once per day. In exchange, customers will receive a discount on Summer Off-Peak and Mid-Peak prices. SMUD will notify customers a day in advance before a critical peak event is called, though we may call the event with shorter notice during emergency situations.

The CPP Rate will only apply to customers who voluntarily choose to opt-in to participate in a program, such as the planned smart thermostat program, or who accept the storage incentive.

Other changes

SMUD's Board also approved the delay of the commercial rate restructure implementation due to the COVID-19 pandemic, which is now planned to begin in late 2021, and minor tariff language changes.

The changes also included a revision to SMUD's OATT to ensure SMUD's transmission rates for certain ancillary services reflect current costs.



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