SMUD thanks Western for the opportunity to provide comments in response to the second stakeholder meeting of the informal process leading to development of the 2025 Marketing Plan.

SMUD would like to provide the following, specific additional comments for the informal process:

**Changes in the Electric Utility Industry**

SMUD supports Western incorporating in the 2025 Marketing Plan specific allowance to negotiate changes to Power Contracts should changes in the Electric Utility Industry/Marks be significant enough that CVP transactions would need to be managed differently than might be articulated in contracts.

**“Value Based” CVP Power Rates**

During the discussion at the August 18 informal stakeholder meeting, some non-direct connect customers raised the issue that they aren’t able to get the Resource Adequacy value out of the CVP system/energy because of CAISO rules. They suggested that Western should charge higher CVP power rates to those customers receiving the Resource Adequacy value. Western responded by stating that this was not an issue for the 2025 Marketing Plan.

SMUD agrees with Western that this is not an issue for the 2025 Marketing Plant. However SMUD would like to further comment, without getting into the fundamental problem of determining and differentiating value received by different Western customers for any given product, that given Western’s general legislative directive that CVP rates be set on a cost basis, Western does not have the flexibility to set rates for CVP power based on “value received.”