

# Exhibit to Agenda Item #2

Approve Contract Change No. 2 to Contract No. 4500137959 with **Wood Mackenzie dba Power Advocate, Inc.** for consulting services to extend the contract expiration date from April 30, 2024, to March 31, 2026, and to increase the contract amount by \$3 million, from \$1.5 million to \$4.5 million.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, October 17, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Supply chain consulting services

## Introduction

### 2021 supply chain year-end update

**Supply Chain Update**

**How Companies Are Overhauling Supply Chains to Ease Bottlenecks**


With shipping costs rising, some are bringing production closer to home

*By Wall Street Journal*  
Jan 07, 2022 2:30 am

The Covid pandemic has strained global supply chains, causing freight backlogs that have driven up costs. Now, some companies are looking for longer-term solutions to prepare for future supply-chain crises, even if those strategies come at a high cost. Photo illustration: Jacob Reynolds

**New Studies Find Unprecedented Impact from Supply-Chain Turmoil**


The assessments from regional Fed banks mark new attempts by economic policy makers to measure disruptions driven by the pandemic and shipping strains.




Supply-chain strains over the past year include a backlog of vessels waiting for berths at Southern California ports that have exceeded 500 container ships.


**Choke on the Water**  
Bottlenecks at key West Coast ports show no sign of easing up

■ Number of anchored container ships waiting to offload at L.A.-Long Beach



Source: Marine Exchange of Southern California & Vessel Traffic Service L.A./Long Beach



February 15, 2022 8 Board Finance & Audit Committee and Special SMUD Board of Directors Meeting 

Finance & Audit Committee Meeting – February 15, 2022  
Quarterly Procurement Report for Fourth Quarter 2021

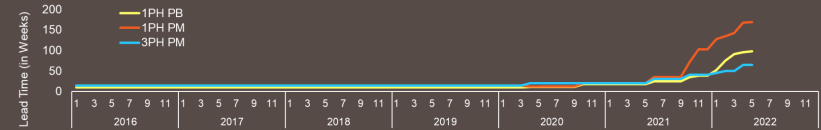
### 2022 supply chain mid-year update

**Supply Chain Disruptions Update**  
*Current Status*


**Problem Statement**

- Domestic utility manufacturing supply chain issues have started to impact SMUD's ability to purchase equipment
- Lead times have been increasing regularly since late 2020, after a number of years of steady lead times 10-20 weeks
- The sharp increase in construction activity in California and other parts of the country is a key driver
- Other factors include inflation, global commodity supply, fuel, transportation costs and impacts from manufacturing delays due to COVID-related shutdowns
- Manufacturers are operating at full capacity and in catch-up mode

**Transformer Lead Times**



Lead Time (in Weeks)

May 17, 2022 9 Board Finance & Audit Committee and Special SMUD Board of Directors Meeting 

Finance & Audit Committee Meeting – May 17, 2022  
Quarterly Procurement Report for First Quarter 2022

# Supply chain consulting services

## Scope of work

Wood Mackenzie was hired through the sole source contracting delegation in March of this year to perform supply chain consulting services in three priority areas:

### 1. Supply chain risk management

- Storm contracts, mutual aid
- Emergency procurement support
- Distribution transformer sourcing support
- Secondary supplier development

### 2. Strategic sourcing opportunities

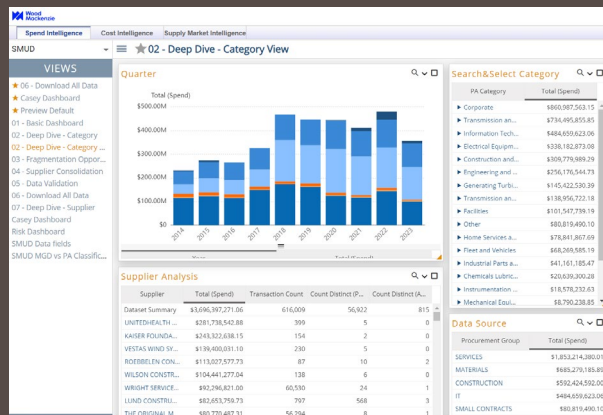
- Distribution equipment
- Construction services
- Industrial supplies
- Civil construction

### 3. Energy transition procurement support

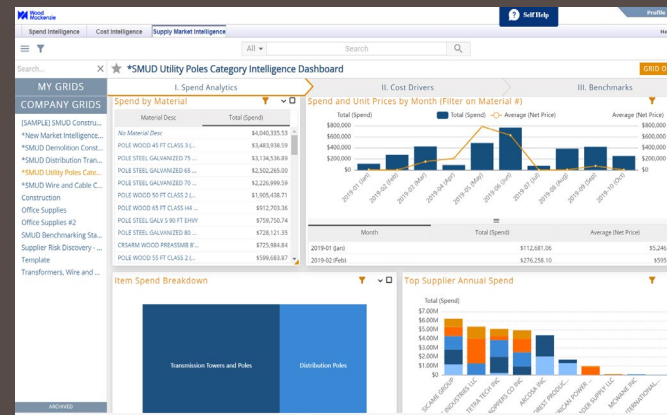
- Large power transformers
- Substation construction
- Power control center design and construction
- Thermal plant operations and maintenance

# Wood Mackenzie Company information

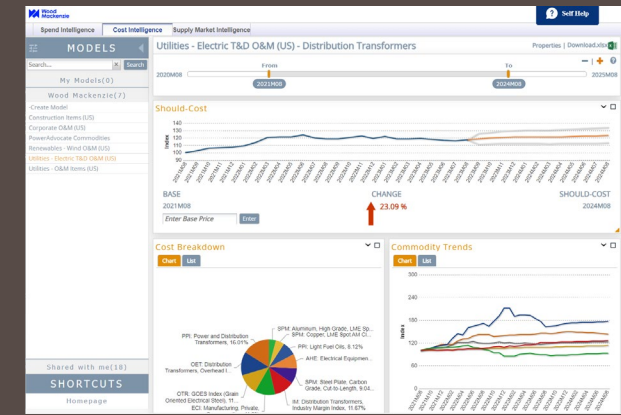
- Pair extensive knowledge of global energy markets with unique cost and supply chain intelligence
- The only energy markets consulting firm with combination of expertise and market intelligence tools
- In aggregate over \$6.5 trillion in annual utility spend data with over 7,500 cost models



Spend intelligence



Market intelligence



Cost intelligence

# Procurement strategy

## Value for investment

### Supply Chain and Procurement Conditions

- Challenging supply chain environment
- Inflationary conditions
- SMUD initiating large complex purchases
- SMUD's ambitious zero carbon goals

### Support for SMUD Procurement

- Supplemental and Complimentary Expertise
- Proprietary data base to benchmark pricing

### “Self-funded” contract

- Savings exceed cost of contract
- Negotiated 13% discount for a cost savings of approximately \$192,000
- Fair and reasonable pricing based on comparable rates, contracts, and market data

