

# Exhibit to Agenda Item #7

Approve Contract Change No. 1 to Contract No. 4500128563 with **WEG Transformers USA LLC** to increase the contract not-to-exceed amount for power transformers by \$12,768,991 from \$3,426,446 to \$16,195,437.

Board of Directors Meeting

Thursday, July 20, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Bulk Substation Power Transformer (WEG)

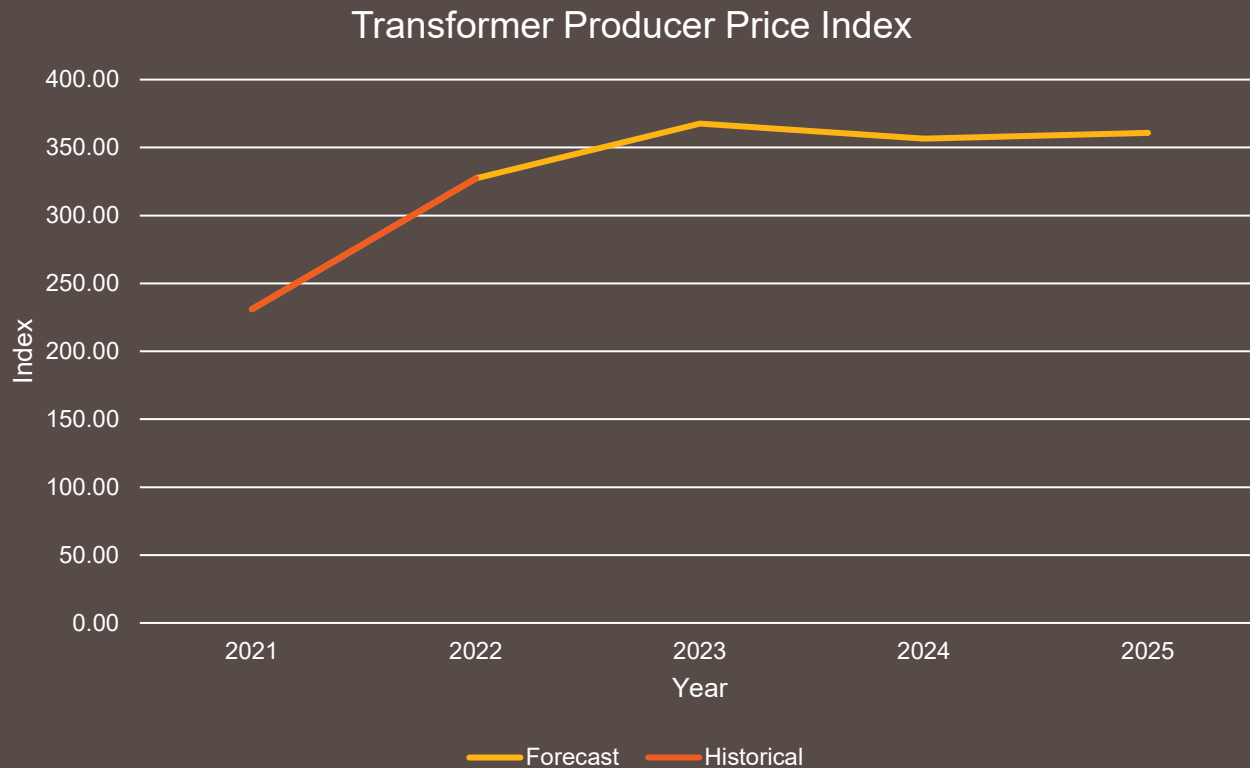
- Contract was established in July 2021 for one transmission power transformer with an option to buy two additional transformers.
- Manufacturing plant is located in Huehuetoca, Mexico.
- Transportation to Sacramento via rail.
- There is no SEED availability in the category



# Reason for Contract Change

- Due to the current lead times for bulk substation power transformers, SMUD needs to order 2 additional units now to ensure they are delivered on time for construction.
- These transformers will be utilized for the new El Rio substation which is improving reliability and adding capacity for the Country Acres solar project.
- The price of bulk power transformers have significantly increased due to market factors.
- Staff is soliciting new bulk transformer contracts and anticipates those to be in place by the end of 2023.

# Cost pressure for transformers



- Cost pressures driven by commodities, labor, and demand increases through this period
- From July of 2021 our unit prices have increased by ~60%
- Market data forecasts a ~50% increase in the same time period