

Exhibit to Agenda Item #2

Authorize the Chief Executive Officer and General Manager to award contracts to **Siemens Energy, Inc., ILJIN Electric USA, Inc., Mader Supply LLC, PTI Transformers LP, and WEG Transformers USA LLC** to manufacture and provide generation, distribution and transmission power transformers during the five-year period of February 1, 2024, to January 31, 2029, with one optional two-year extension for a total aggregate contract not-to-exceed amount of \$250 million.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, January 16, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Business Need

- SMUD seeks to establish a 5-year alliance agreement (with a possibility of an additional 2-year extension) with multiple power transformer suppliers.
- SMUD solicited proposals for 19 types of Generation, Distribution, and Transmission Power Transformers, a total of 70 units.

Transformer Type	Item No.	Total Qty
Distribution	1-5	46
Transmission	6-11	16
Generation	12-19	8



Franklin Bulk Substation Transformer

Background Information

With Sacramento's significant economic growth plans, SMUD's decarbonization goals, and SMUD's need for significant investment in its infrastructure over the next five years, SMUD must install a large quantity of power transformers.



Requa Fawn Substation Transformer

Scope of Work

Suppliers will be responsible for:

- Building and delivering power transformers according with SMUD's engineering specifications and drawings
- Shipping, drayage, and placing each transformer on SMUD's designated foundation pad located in Solano County, El Dorado County, and Sacramento County, California
- Onsite assembly, oil processing & filling, and testing the transformer after delivery



Station B Spare Transformer Delivery

Procurement Strategy

- Request for Proposal (RFP) was issued in July 2023 to award contracts on a best value basis, yielding 7 qualified Contractors.
- The RFP was evaluated on the following criteria:
 - Fulfillment of SEED Program Requirements (*10 points*)
 - Commercial Proposal (*30 points*)
 - Technical Qualifications, Approach, Experience, and Safety & Sustainability responses (*60 points*)



Sunrise Antelope Distribution Transformer

Award Summary Strategy

Responsive Proposals Received	10 Points SEED	50 Points Tech.	40 Points Comm.	Total Score	Overall Rank	Proposal Amount	Number of Units in Bid	Est. Initial Order Amount \$66 million for 25 Units	Est. Allocation of Units			Proposed Award Amount
									Primary	Secondary	Tertiary	
Mader Supply LLC (Royal)	10	35.64	24.00	69.64	1	\$47,372,172	8	\$0	0	8	0	\$250 million Aggregate of all Tasks
Mader Supply LLC (Howard)	10	36.82	14.15	60.97	2	\$103,266,330	53	\$41,387,660	53	0	0	
ILJIN Electric USA, Inc.	-	35.86	20.46	56.32	3	\$65,167,000	15	\$0	3	3	0	
Mader Supply LLC (Hyundai)	10	27.40	16.50	53.90	4	\$145,279,320	68	\$19,767,940	10	28	25	
Siemens Energy, Inc.	-	36.31	10.39	46.70	5	\$174,905,896	69	\$5,099,100	1	27	48	
PTI Transformers LP	-	26.75	17.30	44.05	6	\$79,897,000	16	\$0	0	0	3	
WEG Transformers USA LLC	-	29.66	9.26	38.92	7	\$198,162,153	69	\$0	2	3	3	

Conclusion

- Entering Master Service Agreements (MSAs) with the 7 awarded contractors for a not-to-exceed value of \$250 million provides SMUD with resources to meet significant equipment demand over the next 5-7 years.
- Awarding MSAs to 3 highest ranked bidders for each item provides competitive incentive for suppliers to contain escalation and avoids manufacturing delays

Transformer Type	Item No.	Total Qty	Estimated Pricing
Distribution	1-5	46	\$89,417,533
Transmission	6-11	16	\$74,128,868
Generation	12-19	8	\$45,420,589
Estimate Escalation (5 years)*			\$41,033,010
Total	19 types	70	\$250,000,000

**Estimate based on historical performance of escalation formula proposed by each Proposer.*