

Exhibit to Agenda Item #6

Discuss the proposed amendment to the **2024 SFA Budget Resolution** to augment the Capital Expenditures line item by \$6.2 million for **Sacramento Municipal Utility District Financing Authority (SFA)**.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, September 17, 2024, scheduled to begin at 6 p.m.

SMUD Headquarters Building, Auditorium

Supplementary Capital Budget Request

Original Budget:	\$7.6 million
Additional Items:	
CPP Turndown (equipment) – Thermal Transition Project:	\$4.0 million
Spare Transformer:	\$1.2 million
Overhaul Discoveries:	\$1.0 million
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	Subtotal: \$6.2 million
2024 Supplementary Budget (Approval Requested):	\$13.8 million

Due to unplanned maintenance and projects, staff is requesting Board approval to augment the SFA 2024 Budget to increase the capital line item from \$7,600,000 to \$13,800,000.

CPP Turndown (equipment) – Thermal Transition Project

Project Description:

- Install General Electric’s (GE’s) Axial Fuel Staging (AFS) and Overboard Bleed (OBB) on both gas turbines.
- These products will allow CPP to reduce MW output while keeping both gas turbines online, resulting in:
 - Up to an estimated \$4 million/year savings in fuel
 - Up to 27% reduction in CO2 at CPP (~15% of total thermal generation), plus additional benefits, such as operational flexibility.
- Milestone payment required in 2024.
- Installation is scheduled for Q4 2025.

Additional Cost to 2024 JPA Capital Budget:

\$4.0 million

CPP Spare Transformer

Project Description:

- Purchase spare transformer as part of Transformer Contingency Plan for use at CPP for increased reliability and risk mitigation.
- This transformer will be designed with a low-side tap changer to allow for use in either gas turbine or steam turbine Generator Step-Up (GSU) transformer locations.
- 3-year lead time for this transformer to be delivered in 2027.
- Milestone payment required in 2024 to place order.

Additional Cost to 2024 JPA Capital Budget:

\$1.2 million

Discoveries at CPP

Description:

- Parts that couldn't be refurbished and had to be replaced during repair process at CPP

Additional Cost to 2024 JPA Capital Budget: \$1.0 million

Supplementary Capital Budget Request

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Spare Transformer: \$1.2 million

Overhaul Discoveries: \$1.0 million

Subtotal: \$6.2 million

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