



MEMORANDUM

TO: Mayor and Council Members
CC: Marc A. Ott, City Manager
FROM: Roger Duncan, General Manager
DATE: October 9, 2009
SUBJECT: Critical Business Need for Sand Hill Energy Center
Unit 5 Main Steam to Cold Reheat Bypass Valve

ACTION:

In accordance with City Council-approved purchasing procedures, I am designating as a Critical Business Need of Austin Energy (AE), the repair of the Sand Hill Energy Center Unit 5 Combined Cycle Main Steam to Cold Reheat Bypass Valve. The valve is not sealing and several parts with a lead time of up to six months are required to make the repair. The result is a loss of 2-5 megawatts of generating capability, the potential for additional lost capacity and/or a required shut down, if the condition worsens. The cost of the needed parts is approximately \$55,000.

BACKGROUND:

Main steam is leaking into the cold reheat steam system which has two adverse impacts. First, main steam is overheating the cold reheat piping system which is designed for a much lower temperature. The impact of overheating the cold reheat piping could result in premature failure and could be a potential safety issue. Second, main steam is "short circuiting" the normal flow and is bypassing the steam turbine and reducing unit efficiency by going back to the boiler via cold reheat piping. The required parts are non-inventory items with a substantial lead time, therefore, ordering them as soon as possible is imperative. In addition, the lost generating capacity can cost AE up to \$1,000 per day in replacement energy cost from less efficient resources.

Austin Energy plans to bring this item forward for ratification by City Council in the next several weeks. Please let me know if you have any questions. I can be reached at 322-6157.

Roger Duncan
General Manager