

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	22797	Agenda Number	24.
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Meeting Date:	March 28, 2013
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Department:	Purchasing
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Subject

Approve ratification of a contract with KOBELCO COMPRESSORS AMERICA, INC. for the repair of two lube oil heat exchangers for the LM6000 natural gas compressors at Austin Energy's Sand Hill Energy Center in an amount not to exceed \$221,900.

Amount and Source of Funding

Funding in the amount of \$221,900 is available in the Fiscal Year 2012-2013 Operating Budget of Austin Energy.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	Critical Business Need.
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Prior Council Action:	
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For More Information:	Dolores Castillo, Sr. Buyer/512-322-6466
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Boards and Commission Action:	Recommended by the Electric Utility Commission.
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Related Items:	
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MBE / WBE:	This contract was awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.
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Additional Backup Information

On November 27, 2012, the lube oil heat exchanger for gas compressor A at Sand Hill Energy Center was shipped to the original equipment manufacturer (OEM), Kobelco Compressors America, Inc. in Corona, CA, for evaluation and repair of a leak which had rendered it inoperable. This heat exchanger is under an extended warranty obtained during equipment commissioning in 2010; however on January 23, 2013, the OEM notified Austin Energy that the failure was due to a condition not covered under the warranty. This was confirmed by Austin Energy personnel.

A gas compressor is required to achieve full capacity from the six LM6000 generating units. The backup gas compressor is available but its lube oil heat exchanger has similar symptoms that could result in a potential failure. Failure of the backup gas compressor would result in a loss of 3-7 Megawatts (MW) per unit, depriving Austin Energy of approximately 18-42 MW of efficient and low emissions gas-fired generation.

Due to the critical nature of the process to compress natural gas, the OEM is the best qualified company to make this repair. The lead time for materials and construction for this equipment required immediate action to ensure that the six LM6000 generating units will be available for full capacity during summer peak. Therefore, the repair was expedited as a Critical Business Need procurement.