



**Meeting Date:** August 15, 2016

**Consent Docket Item:** 2-c

**Report No.:** SUA-16-43

**Department:** Electric Utility

**Subject:** Wartsila Spare Parts – Sole Source Purchase Request

**Budget Impact:** No budget impact for this action.

**Prior Council Action or Part of an Approved Project:** Yes

**Related Items:** [Stillwater Energy Center Approval](#) | [Engine Generator Approval](#)

**Alternatives:**

- 1) Approve sole source purchase of spare parts from Wartsila
- 2) Do not approve sole source purchase of spare parts from Wartsila. This option would increase the risk and likelihood of extended forced outages and downtime having a negative effect on the capacity payment provided by GRDA.

**Recommendation:** It is recommended that the Trustees approve the sole source purchase of Wartsila spare parts up to \$200,000 and authorize expenditure for this purchase from the Generation and Transmission FY17 operating budget.

**Prepared by:** Loren Smith, Electric Utility Director

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**Background Information:** The Stillwater Energy Center (SEC) uses three Wartsila 18V50SG engine/generators to produce electricity. The engine primary components and many of the auxiliary components are manufactured by Wartsila. The components requested for this purchase are proprietary and can only be purchased from Wartsila making this a sole source purchase.

The Grand River Dam Authority (GRDA) capacity purchase agreement includes provisions for a capacity payment based on availability of the engine/generators. If the engines/generators are not available, the capacity payment decreases, which can potentially have negative revenue impact on the SUA. While parts are available for the engine/generators, there can be significant lead times or delays due to

manufacturing and shipping. It is important to identify and stock spare parts to ensure the units remain operational at all times. This approval will allow staff the flexibility to purchase parts from Wartsila, some of which can exceed the \$50,000 administrative limit, without delays. Staff is requesting sole source approval to purchase spare parts up to \$200,000.