

RESOLUTION NO. 2024- 148

A RESOLUTION AUTHORIZING AWARD OF A CONTRACT TO SIEMENS ENERGY INC., HOUSTON, TX, FOR THE REPAIRS AND ASSOCIATED COST FOR CLAYVILLE GENERATION UNIT, IN THE AMOUNT OF \$2,700,000.00.

WHEREAS, the Vineland Municipal Electric Utility Clayville Unit experienced failure to one of the SGT-A65 (ESN 11.8) engines; and

WHEREAS, the City of Vineland has a need to acquire such service as a Non-Fair and Open Contract pursuant to N.J.S.A. 19:44A-20.5; and

WHEREAS, the purchasing agent has determined and certified in writing that the value of said services will exceed \$17,500.00; and

WHEREAS, the Director of Municipal Utilities has recommended that a contract be awarded to Siemens Energy Inc., Houston, TX, for repairs and associated cost for Clayville Generation Unit, in the amount of \$2,700,000.00; and

WHEREAS, Siemens Energy Inc. has completed and submitted a Business Entity Disclosure Certification for Non-Fair and Open Contract which certifies that Siemens Energy Inc. has not made any reportable contributions to a political or candidate committee in the City of Vineland in the previous one year and that the contract will prohibit Siemens Energy Inc. from making any reportable contributions through the term of the contract to a political or candidate committee in the City of Vineland; and

WHEREAS, the availability of funds for said contract to be awarded herein have been certified by the Chief Financial Officer; and

WHEREAS, the City of Vineland has certified that this meets the statute and regulations governing the award of said contracts.

NOW THEREFORE BE IT RESOLVED, by the Council of the City of Vineland that:

1. The Purchasing Agent be and the same is hereby authorized to issue contract to Siemens Energy Inc., Houston, TX, for repairs and associated cost for Clayville Generation Unit, in the amount of \$2,700,000.00.
2. That the Business Disclosure Entity Certification, the Political Contribution Disclosure Form and the Determination of Value be placed on file with the Resolution.
3. That a Notice of this action shall be printed once in the Daily Journal.

Adopted:

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President of Council

ATTEST:

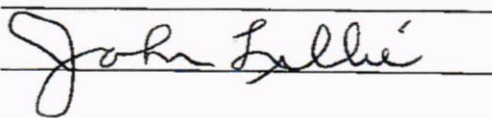
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City Clerk

**REQUEST FOR RESOLUTION FOR CONTRACT AWARDS  
UNDER 40A:11-5 EXCEPTIONS  
(PROFESSIONAL SERVICES, EUS, SOFTWARE MAINTENANCE, ETC)**

3-5-24

(DATE)

1. Service (detailed description): Settlement with Siemens for repairs and associated cost for Clayville Generation Unit
  
2. Amount to be Awarded: \$ 2,700,000.00  
 Encumber Total Award  
 Encumber by Supplemental Release
  
3. Amount Budgeted: \$ 2,700,000.00
  
4. Budgeted: By Ordinance No. \_\_\_\_\_  
Or Grant: Title & Year \_\_\_\_\_
  
5. \*\*Account Number to be Charged: T-22-00-000-0000-80302
  
6. Contract Period: 5-9-23 to 6-24-24
  
7. Date To Be Awarded: 4-9-24
  
8. Recommended Vendor and Address: Siemens Energy Inc
  
  
9. Justification for Vendor Recommendation:(attach additional information for Council review)  
Negotiated settlement for repairs to Clayville Generation Unit
  
  
- Non-Fair & Open (Pay-to-Play documents required)  
 Fair & Open: How was RFP advertised? \_\_\_\_\_
  
10. Evaluation Performed by: Steve August
  
11. Approved by: John Lillie  

  
12. Attachments:  
 Awarding Proposal  
 Other: \_\_\_\_\_

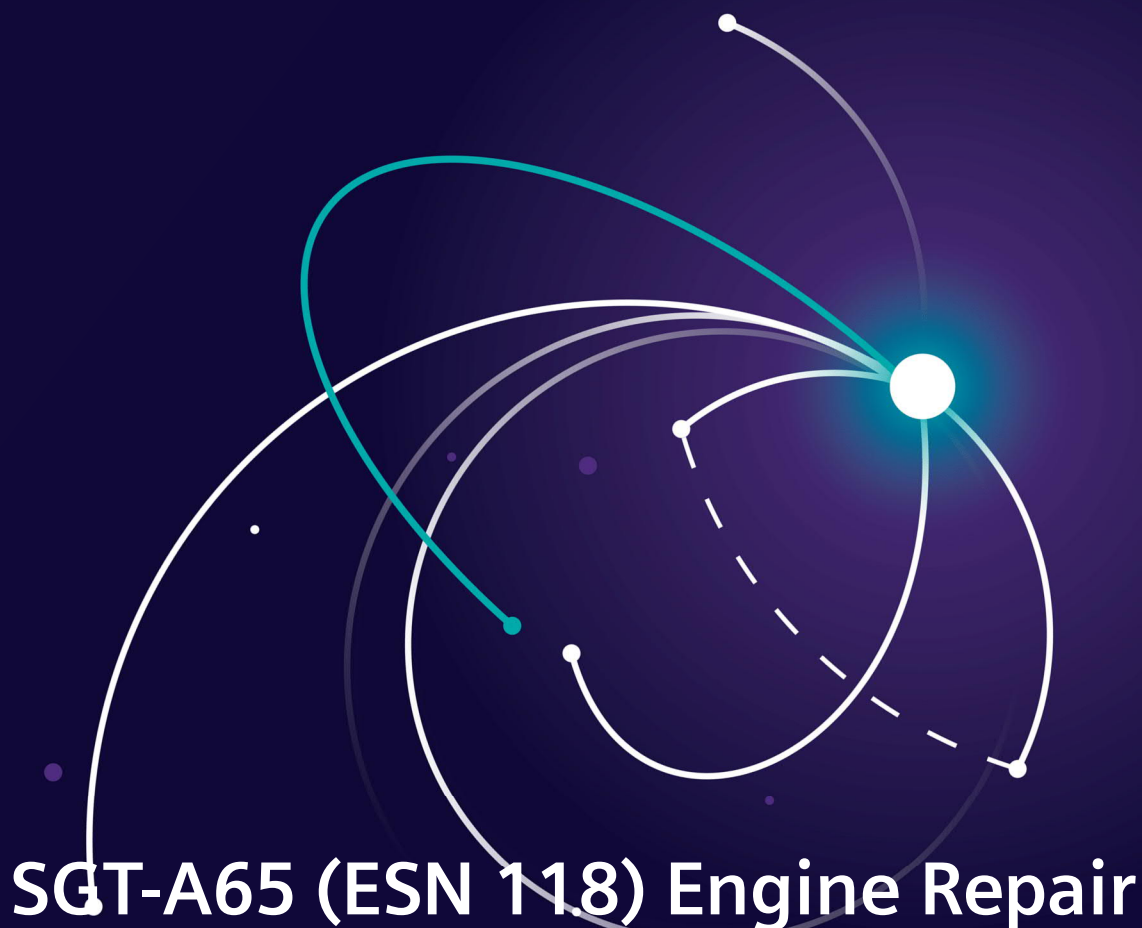
- Send copies to:  
Purchasing Division  
Business Administration

**\*\* If more than one account #, provide break down**

**SIEMENS**  
**ENERGY**

**Let's energize  
society**

**LET'S MAKE TOMORROW DIFFERENT TODAY**



**SGT-A65 (ESN 118) Engine Repair**

**Vineland Municipal Electric Utility (VMEU)**

**SF232092086 Rev1**

**14-Mar-24**

**Firm**

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**Proprietary Information**

This proposal, including all of its attachments, exhibits, appendices, etc. (“Proposal”) is provided “as-is” for your evaluation of Siemens Energy Inc. (“Siemens Energy”) as the provider of work discussed therein and contains information that is confidential to and solely owned by Siemens Energy. Your acceptance, viewing or storage of this Proposal is an acknowledgment of a confidential relationship between you and Siemens Energy. We require that this Proposal be returned or destroyed when no longer required for the purpose identified herein. This Proposal and any information obtained from this Proposal may not be reproduced, transmitted, disclosed, or otherwise used, in whole or in part, without the prior written authorization of Siemens Energy.

Issue	Date	Author	Summary of Changes
Rev00	10-Jul-23	Abhishek K Sharma	Firm Offer – Module 8 Repair
Rev01	14-Mar-24	Shahzad Khan	Included lease, field service costs and agreed final price

# 1. Project Overview

## 1.1 Project Summary

VMEU operates two (2) SGT-A65 gas turbine packages for their power generation plants (Howard Down Unit 11 and Clayville Unit 1). This offer is for the unscheduled repair of one of the SGT-A65 (ESN 118), which is installed at Clayville Generating Station in Vineland, NJ.

## 1.2 Equipment Summary

<b>Customer Name</b>	Vineland Municipal Electric Utility (VMEU)
<b>Location</b>	Clayville Generating Station, Onshore
<b>Equipment</b>	SGT-A65 60Hz WLE
<b>Number of Units</b>	1
<b>Original Project Numbers</b>	M.A916
<b>Engine Serial Number</b>	ESN118

## 2. About Siemens Energy

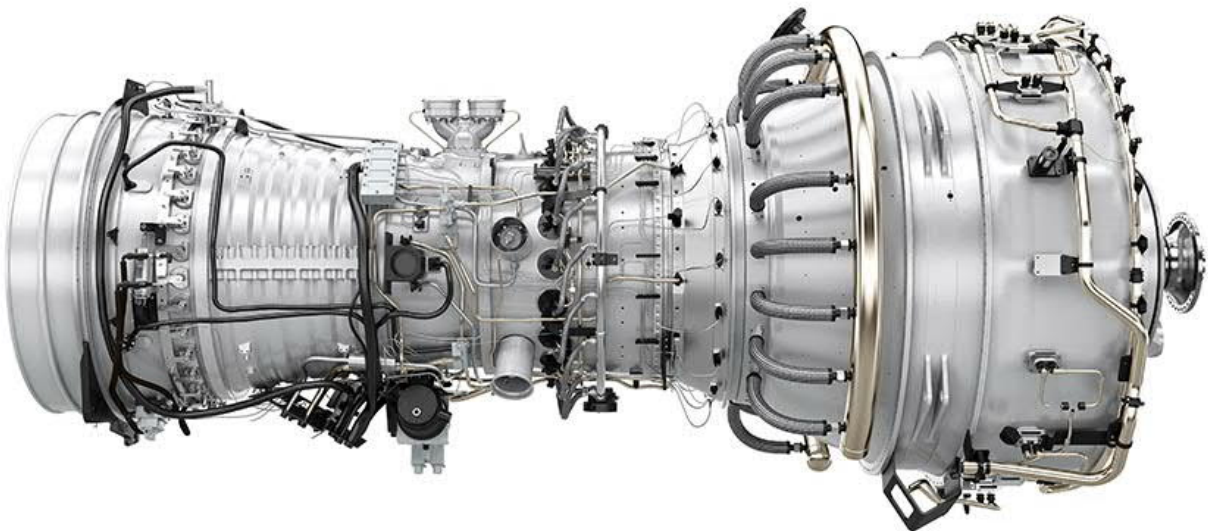
As the Original Equipment Manufacturer (OEM) of the package and maintainer of a large fleet of Gas Turbines, Compressors and Generators, Siemens Energy is uniquely qualified to provide the maintenance services, technical expertise and resources required to successfully deliver the modifications and upgrades for these units.

Siemens Energy Modernizations and Upgrades (M & U) Services solutions utilizes an experienced and dedicated aftermarket services team who will work alongside Vineland Municipal Electric Utility (VMEU) and provide the level of technical services and financial structure best suited to Vineland Municipal Electric Utility (VMEU) operation and coverage request. All Siemens Energy' personnel are well trained and skilled to ensure that the Installation and commissioning maintenance work will be carried out on schedule and meets aligned Environment, Health, and Safety (EHS) and quality requirements. This is only applicable if customer has opted for this option.

The M & U Services offers some significant differences to conventional maintenance agreements. Therefore, most operators will find a more attractive option compared to a conventional maintenance agreement.

Siemens Energy main value propositions include:

- Maximized availability.
- Reduced failures and downtimes.
- Reduced lifecycle costs.
- Latest technology improving efficiency.
- Guaranteed performance.



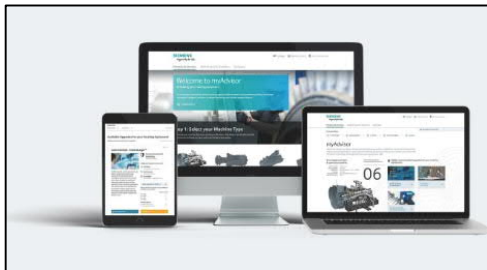
SGT-A35

### MyAdvisor

MyAdvisor is an online service that identifies potential improvements applicable to your Siemens Energy rotating equipment.

It's our priority to provide the latest in-service support available to match your operational priorities, from power increase and emissions reduction to reduced operating costs through greater efficiency.

By inputting your equipment data and operating profile, MyAdvisor will recommend the latest technology offerings related to our Modernization and Upgrade products.



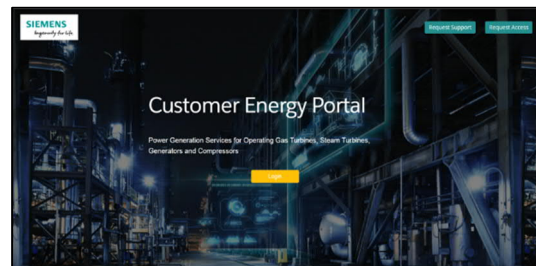
<https://siemens-energy.secure.force.com/myAdvisor/>

### Customer Energy Portal

Customer Energy Portal (CEP) is an innovative platform which integrates access to various digital functionalities for Siemens Energy customers.

This collaborative platform provides safety bulletins, product improvements, equipment documentation and the ability to raise tickets against your assets.

In addition, CEP enables access to several unified tools and applications: MyHealth, Personalized MyAdvisor and Training & compliance.



<https://cep.siemens-energy.com/CC/s/>



### 3. Scope of Supply

#### 3.1 Repair Scope

- Bulk strip engine to remove Modules 01 and 08
- Engine external dressings to be stripped as required to remove Modules 01 and 08.
- Carry-out Level 1 EMP inspections to all major assemblies not planned for further strip.
- Perform the following M08 activities:
  - Carry out bulk strip to expose and remove the Tail Bearing Race and the LP Turbine roller bearing, under defect investigation conditions.
  - Replace the LP Turbine roller bearing and Tail bearing inner race with new.
  - Inspect LPT Stage 4 Vanes and clean metal shavings contamination observed in the borescope.
  - Carry out EMP level 2 inspection to all exposed areas.
  - Re-build module to MOD E1B101245880 / E1B101339416 standard.
  - Carry out inspection of all air and oil system service piping including all drains and ensure all are fully flushed.
- Repair/replace damaged rear vibration probe mounting screws.
- Embodiment of MOD E1B100820317 to reduce the high levels of moisture from reaching the HP BOV.

#### 3.2 Additional work post Strip and Inspection

Technical review was conducted upon Strip and Inspection at Siemens Energy workshop and Gate 1 inspection report was provided to VMEU. Repair work was then authorized per the requirements of section 4.2, subsections 6-8 of this proposal.

The following additional scope was identified, and probes were replaced on ESN118 per TLR1437330 per quantities shown in table below:

Material	P/N		Qty
LP speed probe	TRN15843	1421/250	3
IP speed probe	TRN15843	1421/251	3
Trim balance probe	TRN15843	1421/252	1

### 3.3 Project Management

Siemens Energy will nominate a Project Manager for execution and completion of the project. The Project Manager will act as the primary liaison for all activities during execution phase. It is expected that the customer will supply a single point of contact for the project manager to interface with.

No off-site meetings are included in the price and will be charged on a time and material basis should such be required.

### 3.4 Lease Usage Fee

As per the existing LTSA contract between VMEU and SEI Reference Maintenance Contract 2021 Renewal, Siemens Energy has installed ESN108. The details of the installation are listed below:

- a. Actual duration: May 18<sup>th</sup>, 2023, through January 24<sup>th</sup> 2024.
- b. Billed duration: May 18<sup>th</sup>, 2023, through December 4<sup>th</sup>, 2023.

### 3.5 Installation and Commissioning

Installation and Commissioning services (change out) are included in the scope of supply as shown below:

- a. ESN118 removal and installation of ESN108.
- b. Installation of ESN118 (estimated to be in April 2024)

## 4. Commercial

### 4.1 Pricing Table

Item	Description	Quantity	Previous Price (USD)	Extended Price (USD)
1	ESN118 Repair (Section 3.1)	1	\$3,326,000.00	\$ 1,748,493.01
2	IPC and LPC Speed Probe replacement (Section 3.2)	1	\$ 170,000.00	\$ 89,369.76
3	Lease Usage Fee (Section 3.4)	1	\$ 1,306,612.29	\$ 686, 891.90
4	Engine Removal (Section 3.5)	1	\$ 166,676.67	\$ 87,622.67
5	Engine Installation (Section 3.5)	1	\$ 166,676.67	\$ 87,622.67
<b>Total</b>			\$ 5,135,965.63	\$ 2,700,000.00 <sup>1</sup>

Notes:

1. See pricing basis item 3.

### 4.2 Pricing Basis

1. Prices are firm based on the pricing basis notes provided below.
2. Price is contingent on Purchase Order (PO) being issued by the validity of this proposal listed in section 4.6
3. Siemens Energy’s Management discount of USD 2,435,965.63, offered is a one-time concession agreed between authorized representatives of Siemens Energy and Vineland Municipal Electric Utility as per meeting held on March 14, 2024, to conclude all discussions and potential claims for repairs to ESN118 as per this Proposal.
4. Siemens Energy reserves the right to make any changes and re-issue pricing should the scope change or the validity date lapses.
5. If additional work is required based on the issuance of Strip & Inspection Report, a written scope, price, and delivery schedule will be issued to VMEU for its consideration, and additional work will not proceed absent agreement from VMEU to proceed via revised Purchase Order.
6. If additional work is identified and the price of such additional work is valued at greater than 10% of current works value, and commitment to proceed is not received from VMEU within 14 days after issuance of written additional scope and price, then the Engine will be removed from the work schedule.
7. If the price of such additional work is less than 10% of current works value, VMEU can confirm acceptance to proceed with the additional work in a written communication to Siemens Energy and final price and scope for this additional work will be invoiced at the point of delivery. A final uplift change notice will be issued when work is complete.
8. Storage charges at the rate of USD 1,500 per month (prorated for any portion of the month) will be payable for Engine storage due to delay (beyond 14 days) in commitment from VMEU to proceed with work.
9. All rejected parts will become Siemens Energy property 30 days after the repaired equipment is provided back to the Customer, for normal disposal, unless otherwise advised differently by the Customer in advance.

10. Where completion of the scope of work includes replacement parts, Siemens Energy may at its option, supply new, refurbished, or used parts. Refurbished or used parts will come from parts pool (not from the originally supplied asset) with similar or better life than the replaced parts.
11. The prices quoted do not include foreign taxes, tolls, government imports, VAT, Customs duties, port handling charges, clearance costs, local transport to site and other mandatory charges levied in the country of import.
12. Siemens Energy shall not be obligated to fulfil this agreement if such fulfilment is prevented by any impediments arising out of national or international foreign trade or customs requirements or any embargoes or other sanctions
13. Unless otherwise explicitly provided, Price is inclusive of all discounts

### 4.3 Delivery Terms

The following delivery terms are applicable,

- Return of Engine is CIP (Site), Vineland, NJ, Incoterms® 2020
- Siemens Energy will publish a schedule to VMEU once an acceptable Purchase Order is received and Siemens Energy project management assigned, and the Outage planned dates established.
- Standard scope of work as quoted in this proposal is typically completed within 120-150 days after receipt of equipment and order, pending findings and any other parts availability. Delivery for the work required outside the scope of this proposal will be provided once the detailed inspection is completed at the Siemens Energy Service Center.
- Customer witness is acceptable in the shop however a Siemens Energy escort will be required. Committed turn time does not provide for customer hold points or other delays caused by witness activities.

### 4.4 Payment Terms & Security

All payments shall be net 30 days from the date of the invoice.

The following payment milestones are applicable,

- 100% of contract price upon readiness to ship of repaired engine.

If requested by Siemens Energy at any time prior to acceptance of the Purchase order for this proposal, Customer will demonstrate its financial capability to continue to carry out its obligations under this Contract. This demonstration may require that Customer furnish adequate payment security (which may include a confirmed irrevocable letter of credit, parent guarantee or surety bond in a form and amount reasonably acceptable to Siemens Energy).

### 4.5 Warranty

18 months based on shipment date or 12 months after installation, whichever is earlier.

### 4.6 Validity

The proposal is firm and valid for 30 days from the date of issuance of this proposal.

## 5. Terms and Conditions

This offer is made by Siemens Energy subject to the following terms and conditions, which shall be construed in the order of priority according to which the documents are listed below:

- This Proposal and;
- Existing LTSA contract between VMEU and SEI (Reference Maintenance Contract 2021 Renewal).

### 5.1 Covid-19

Due to the recent Covid-19 outbreak, the following shall apply.

- The Parties acknowledge the worldwide outbreak of the Corona Virus/Covid-19 Virus disease, which affects or is likely to affect usual business activities and/or the execution of the contract. The Parties agree that Siemens Energy will be granted reimbursement of costs, extension of time or any other reasonably required adjustment of the contract, all if required to overcome the consequences directly or indirectly caused by the outbreak of the coronavirus disease.

### 5.2 Global Electronic Supply Chain Constraints

- The Parties acknowledge that there is an uncertain political and security situation in the world, in particular due to the invasion of Ukraine and also 'Global Semiconductor / Electronic Chips shortage' ("Uncertain Situations"), which effects are difficult to foresee at the time of Contract signing and which can directly and indirectly affect the execution of this Contract including but not limited to the availability of certain equipment, commodities, metals, and materials as well as the availability of transportation means and services. In the light of the above, the Parties agree that the Supplier shall be entitled to reasonable adjustments of the delivery term to the extent any delay that are caused directly or indirectly by the above-mentioned Uncertain Situations and any related consequences.

## 6. Appendix

### 6.1 Appendix 1 – General Exclusions

Items excluded from the scope of supply include, but are not limited to the following:

- Any additional hardware upgrades & modifications not included in the scope of supply and or items not specifically listed as included are excluded.
- Siemens Energy Engineering complies with internal procedure 015-03382 – Software / Hardware Design Review process which outlines a gated internal peer review and approval process focusing on baseline deviations, integration, and safety. External processes are excluded unless noted otherwise.
- Siemens Energy has excluded customer management of change process and shall use internal processes.
- Siemens Energy has excluded customer internal design review and approval process and shall use internal processes.
- Siemens Energy takes exception to, unless specified in the SDRL list, SPIR document, Loop Diagrams, and Cable schedules.
- Refer to proposal appendix for standard comments and exceptions to Industry Specifications
- Skid edge requirements like, but not limited to, Fuel gas supply and quality.
- Any hot work on platform or onshore facility requiring special work permits.
- Process isolations (lock out – tag out of equipment, process piping blinding and major SDV/BDV valves isolation)
- Control house for unit control system (non-hazardous area)
- Electrical power transformers, switchgear, distribution system, main grounding system and high voltage terminations (anything 480V and above)
- Programming of main plant DCS but will assist in provision of any data for interface, if required.
- Siemens Energy reserves the right to re-quote if the specifications or requirements differ from what was offered.

## 6.2 Appendix 2 – Project Technical Comments and Exceptions

No comment at this stage assumes general acceptance but does not assume contractual compliance.

Since Siemens Energy has not received any request to review customer specifications or a formal RFQ for this project, we are basing our proposal on Siemens Energy standards and specifications.

### 6.3 Appendix 3 – General Exceptions to Industry Specifications

The below lists Siemens Energy general exceptions to Industry Specifications, the referenced documentation can be provided upon request.

#### Gas Turbine

Siemens Energy global engineering requirements and specifications pertaining to design, constructability, and product technical integrity including all relevant industry standard exceptions to API 616 latest edition shall take precedence over any other industry standards.

- GER 0022: Engineering comments and exceptions to API 616, Gas Turbines for Petroleum, Chemical and Gas Industry Services for Siemens Energy Industrial Gas Turbines
- GER 0127: Engineering comments and exceptions to ISO 2314, Gas Turbine Acceptance Test.
- GER 0128: Engineering comments and exceptions to ASME, Performance Test PTC-22 on Gas Turbines.
- GER 0130: Engineering comments and exceptions to API (Recommended Practice) 11 PGT, Packaged Combustion Gas Turbines.
- GER 0225: Engineering comments and exceptions to API 616, for 501 / 601 Gas Turbines.
- GER 0269: Engineering comments and exceptions to API 616, for Gas Turbines for Petroleum, Chemical and Gas Industry Services for SIEMENS ENERGY RB211 Industrial Gas Turbines

#### Fire and Gas

Siemens Energy global engineering requirements and specifications pertaining to design, constructability, and product technical integrity including all relevant industry standard exceptions to NFPA shall take precedence over any other industry standards.

- GER 0011: Engineering comments and exceptions to NFPA 12, Standard on Carbon Dioxide Extinguishing Systems.
- GER 0012: Engineering comments and exceptions to NFPA 750, Water Mist Fire Protection Systems.

#### Coupling Upgrade

Siemens Energy global engineering requirements and specifications pertaining to design, constructability, and product technical integrity including all relevant industry standard exceptions to API 671 latest edition shall take precedence over any other industry standards.

- GER 0133: Engineering comments and exceptions to API 671, for Special-Purpose Couplings for Centrifugal Compressor and Power Generation Application.

#### Gearbox Upgrade

Siemens Energy global engineering requirements and specifications pertaining to design, constructability, and product technical integrity including all relevant industry standard exceptions to API 613 latest edition shall take precedence over any other industry standards.

- GER 0137: Engineering comments and exceptions to API 613, for Special-Purpose Gears for Power Transmission Application.
- GER 0190: Engineering comments and exceptions to API 613, for Special-Purpose Gears Units.



**Lube Oil Systems**

Siemens Energy global engineering requirements and specifications pertaining to design, constructability, and product technical integrity including all relevant industry standard exceptions to API 614 latest edition shall take precedence over any other industry standards.

- GER 0129: Engineering comments and exceptions to API 614, for SIEMENS ENERGY GT Lube Oil Systems, Main Lube Oil System, and the RB211 Gas Generator Lube Oil Console.
- GER 0224: Engineering comments and exceptions to API 614, for The Avon Gas Generator Lube Oil Console.
- GER 0242: Engineering comments and exceptions to API 614, for SIEMENS ENERGY Industrial Trent Gas Turbine Lube Oil System.
- GER 0252: Engineering comments and exceptions to API 614, for SIEMENS ENERGY RB211 Gas Generator Lube Oil Console and Main Lube Oil System.

**Miscellaneous**

- Siemens Energy global engineering requirements and specifications pertaining to design, constructability, and product technical integrity including all relevant industry standard exceptions shall take precedence over any other industry standards.
- GER 0125: Engineering comments and exceptions to ANSI/API 610/ISO 13709, Centrifugal Pumps for General Refinery Services.
- GER 0126: Engineering comments and exceptions to API 670, Machinery Protection Systems.
- GER 0134 & GER 0188: Engineering comments and exceptions to API 661, Air Cooled Heat Exchangers for General Refinery Service.
- GER 0161: Engineering comments and exceptions to API 662, Plate Heat Exchangers for General Refinery Service.