

NEGOTIATION AND PURCHASING STRATEGIES FOR GAS-FIRED POWER GENERATION EQUIPMENT

September 26, 2017
Mercer Thompson Offices
191 Peachtree St NE
Suite 4410
Atlanta, GA



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OVERVIEW

At the upcoming Negotiation and Purchasing Strategies for Gas-Powered Power Generation Equipment conference taking place this coming September in Atlanta, we will cover the key issues every purchaser faces when negotiating to procure combined-cycle power generation equipment and related long-term parts, supply, and maintenance services for a project. Assessing between vendors, technologies and offerings is never just an examination of up-front prices, and the complexity of the underlying contractual arrangements only adds to the complications of these high-value transactions. Here you will be able to learn from professional experts who have deep experience on all sides of these transactions as they examine and outline various key considerations and best practices involved in major procurement deals. Such considerations and guidance will be presented from multiple perspectives, including technical, commercial, legal and insurance/risk allocation. In addition, by including a session featuring a major OEM's representative, attendees will have the opportunity to gain a full-circle view as to the balance that must be struck between the buyer's and the purchaser's interests. With an understanding of these issues and the buyer/seller balance, a project developer will be best positioned to plan for, structure and negotiate procurement contracts that will protect their interest while sowing the seeds for a positive long-term buyer/seller relationship.

LEARNING OUTCOMES

- Evaluate best technical and commercial practices and strategies for seeking and assessing bids for gas turbines and parts equipment
- Identify key issues every purchaser faces in negotiations for combined-cycle power generation equipment and long-term parts and maintenance services agreements, and the best solutions
- Outline key interface issues between power equipment contracts and long-term service agreements
- Assess the critical role that insurance plays throughout the procurement, financing, construction and operational phases, and explore how insurance pricing is determined
- Examine the OEM's perspective on key issues that drive decisions in these complex transactions
- Analyze win-win approaches to establishing successful long-term relationships between the OEM and the project developer

WHO SHOULD ATTEND

- Gas-fired power project developers (including simple-cycle projects) from utilities, municipalities, and IPPs
- Power developer leadership in need of an understanding of strategic best practices for large-frame gas-fired combustion turbines and related power island equipment purchases
- Power developer financial department and risk analysts who need to understand how to evaluate the true costs of competing power equipment vendor offerings
- In-house legal counsel for power project developers
- EPC contractors who may purchase turbines for turnkey EPC contracts or receive assignment of these documents
- Lenders providing financing for these procurement transactions


AGENDA

TUESDAY, SEPTEMBER 26, 2017

- 8:00 – 8:30 am** **Registration and Continental Breakfast**
- 8:30 – 8:45 am** **Chairperson Welcome and Opening Remarks**
Chip Thompson, Managing Principal, Mercer Thompson LLC
- 8:45 – 9:30 am** **Major Trends in the Large Power Generation Equipment Market**
 The U.S. electric generating fleet has been undergoing major transformations driven by regulatory policy, generation costs, renewables, technology developments, and customer expectations. Because of this transition, traditional planning and operating processes have all been shaken up, and require generation companies to think and act differently. Here we will survey the current landscape of electric generation, and examine how these key transformations are forcing changes.
Todd Williams, Partner, ScottMadden
- 9:30 – 10:30 am** **Strategies and Best Practices for the RFP and Bid Evaluation Process**
- Bid tabulation, and best practices for RFP evaluation process
 - Net Present Value (NPV) Evaluations
 - Long term service programs and their impact on lifetime pricing
 - Price variations in power island contracts vs. individual contracts for major equipment
 - Schedule and timeline for planning an RFP process
- Chad Swope, Development Engineer, Energy, Burns & McDonnell*
- 10:30 – 10:45 am** **Morning Break**
- 10:45 – 11:45 am** **Key Considerations in Power Island Procurement Agreements**
- Pitfalls and issues in defining the scope of supply
 - Equipment delivery: logistics, timing, delays, and force majeure
 - Transfer of title, risk of loss and the insurance inter-play
 - Performance guarantees – norms and nuances
 - Risk of project delays due to equipment defects
 - Payment structures and security concerns
 - Warranties – the thick and the thin
- Chip Thompson, Managing Principal, Mercer Thompson LLC*
- 11:45 am – 12:45 pm** **Key Issues in Long Term Service Agreements**
- Overview of the current LTSA market: from covered maintenance/term warranty to parts only agreements
 - Clearly defining the LTSA scope: differentiating between planned maintenance, unplanned maintenance, and extra work
 - Addressing primary points of interface between the turbine purchase agreement and the LTSA
 - Key considerations to best protect the owner’s interests
 - Other legal and contractual risks and risk mitigation strategies
- Jason Yost, Principal, Mercer Thompson LLC*
- 12:45 – 1:45 pm** **Group Luncheon**

AGENDA

TUESDAY, SEPTEMBER 26, 2017 (CONTINUED)

- 1:45 – 2:45 pm** **Common Approaches to Unit Start-Up, Commissioning, and Performance Testing**
- Overview of how start-up, commissioning, and performance testing are traditionally addressed in contracts
 - Synopsis of ASME PTC 22 and 46 requirements and their role in performance test protocols
 - Important considerations while planning for start-up, commissioning, and performance testing
 - Proven practices for implementing performance testing protocols
- Teresa Williams, Principal Engineer — Gas Turbine and Combined Cycle Performance, Southern Company***
- 2:45 – 3:45 pm** **Insuring Power Island Equipment: Shipment, Commercial Operation, and Beyond**
- New and existing turbine technology impacting insurance risk
 - The interface between contract structure and insurance program design
 - Risk allocation and the role of insurance in project agreements
 - Project finance agreements and credit risk
 - External factors impacting a fluctuating insurance market for major equipment
- Paul Brown, CEO, Insurance Risk Partners***
- 3:45 – 4:00 pm** **Afternoon Break**
- 4:00 – 5:00 pm** **Ask the OEM: Challenges and Opportunities for Win-Win Transactions from the OEM's Perspective**
- During this session, we will interview a representative of this leading OEM bringing experience from both Siemens and Mitsubishi, exploring such issues as:
- Challenging points of interface between the OEM and EPC contractor
 - “Behind the scenes” supply chain and logistics issues
 - Planning for challenges in advance and mitigating risk
 - Particularly contentious areas on long-term service agreements
 - Q&A with the audience
- Kendall Howington, Commercial Operations Manager, Mitsubishi Hitachi Power Systems Americas, Inc.***
Interviewed By: Chip Thompson, Managing Principal, Mercer Thompson
- 5:00 – 6:00 pm** **Networking Reception: Sponsored by** 

INSTRUCTIONAL METHODS

PowerPoint presentations and classroom discussion will be used in this program.

REQUIREMENTS FOR SUCCESSFUL COMPLETION

Participants must sign in/out each day and be in attendance for the entirety of the program to be eligible for continuing education credits.

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191 Peachtree St NE
Suite 4410
Atlanta, GA 30303
Phone: 404-577-4200

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Hotel Indigo Atlanta Downtown

230 Peachtree St NE
Atlanta GA 30303
Phone: 404-523-7600
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The Ellis Hotel

176 Peachtree St NE
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Phone: 404-523-5155
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NEGOTIATION AND PURCHASING STRATEGIES FOR GAS-FIRED POWER GENERATION EQUIPMENT CONFERENCE:
SEPTEMBER 26, 2017: US \$995
Early bird on or before September 8, 2017: US \$895



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