

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 24-27
)
GUAM POWER AUTHORITY'S REPAIR)
AND OVERHAUL OF THE NAVY-) **ALJ REPORT**
OWNED OROTE POWER PLANT)
)
)
)
_____)

INTRODUCTION

On September 9, 2024, the Guam Power Authority ["GPA"] submitted a Notice to the PUC, pursuant to paragraph 2 of the Contract Review Protocol for GPA for a contract that involves the receipt by GPA of reimbursement of costs in excess of \$1.5 million. Pursuant to an "Intergovernmental Support Agreement between Commander, Joint Region Marianas, and Guam Power Authority, the Navy has requested that GPA assist with the repair and overhaul services for the Orote Power Plant located on Naval Base Guam (NBG).

For reasons set forth herein, the ALJ concludes that GPA is not required to file a Petition for review of this matter under the Contract Review Protocol. GPA is not obligating itself for costs in excess of \$1.5M. All costs for the applicable contracts will be paid by the Navy. The PUC should issue an Order that review of this contract is not required under the contract review protocol and that the PUC approves GPA's proceeding with a contract with Navy and Wartsila for the repair and overhaul of the Navy-Owned Orote power plant.

BACKGROUND

In accordance with paragraph 2 of the Contract Review Protocol, where the contract involves the receipt by GPA of revenues or reimbursement of costs in excess of \$1,500,000, GPA is permitted to evaluate the contract without PUC approval. GPA is required to provide certain information to the PUC, which includes a CCU resolution authorizing the contract, an affidavit from GPA management stating that the contract does not produce an increased revenue requirement, and a narrative description of the contract.

All of the matters required by GPA to be filed under paragraph 2 have been submitted. The ALJ determines, pursuant to paragraph 2(c) that GPA has made an adequate filing pursuant to subparagraph (b).

GPA's Memorandum for Record and Agreement for the Inspection and Repair/Overhaul of Orote Power Plant generators are attached hereto collectively as Exhibit "1". The ALJ has also attached the relevant provisions of the Contract Review Protocol as Exhibit "2".

GPA and Navy have agreed that GPA will assist with the repair and overhaul of the Navy-Owned Orote Power Plant generators. GPA has negotiated with the engine OEM, Wartsila, to perform the overhaul works. All contractor costs and GPA costs for contracting and project management are reimbursable by Navy under the IGSA. GPA's entire estimated project management costs are \$111,902.36. These include contract and project management/coordination before and during onsite work. GPA will bill Navy for actual labor and equipment/vehicle costs.

The total cost of the contract is \$1,800,000, mostly for Wartsila's services. Once funds are obligated for payment, the Commander, Joint Region Marianas **will provide full payment in advance in accordance with IGSA Article 17.**

ANALYSIS

1. GPA is not required to file a contract review petition under the Contract Review Protocol.

All of the obligations under paragraph 1 of the Contract Review Protocol that require prior PUC approval involve the obligation or expenditure of funds in excess of \$1,500,000. In this case, the estimated fund expenditure by GPA will be paid in advance by Navy, and Navy will also pay any other labor or other costs that GPA incurs. A petition for review is not required.

Under paragraph 2, GPA is authorized to evaluate its contract with Navy without PUC approval. GPA has provided all of the items required under paragraph 2(b). GPA has submitted the Declaration of Acting General Manager Beatrice P. Limtiaco which indicates that **"the contract to repair and overhaul the Orote Power Plant does not produce an increased revenue requirement because the cost is fully reimbursable to GPA under the IGSA."** (emphasis added). There is no reason for the PUC to review this contract under the Contract Review Protocol because any expenses or costs incurred by GPA will be fully reimbursed by the Navy.

2. The contracts between GPA and Navy/Wartsila concern an emergency project which needs to proceed ahead immediately.

When repaired, the Orote Power Plant can produce over 20MW of power. The Orote Power Plant provides support to the island wide power system during GPA generation capacity shortfalls and “is a critical capacity reserve resource until the Ukudu Power Plant is commissioned in September 2025...”¹ Repair and overhaul of Orote fits in with GPA’s overall plan to increase generation capacity until the Ukudu Plant goes on line.

CONCLUSION

Under the Contract Review Protocol, paragraph 2(b), a contract involving reimbursement is deemed to be approved unless rejected by the PUC within 30 days after an adequate filing. However, in this case, the overhaul and repairs of Orote are needed urgently and immediately. GPA should not have to wait 30 days to determine whether the contract is approved. The PUC should issue an Order authorizing GPA to proceed ahead with the repair and overhaul of the Orote plant immediately.

Sincerely,

Frederick J. Horecky
Chief Administrative Law Judge

¹ Guam Consolidated Commission on Utilities Resolution No. FY2024-30, Relative to Approval of the Repair and Overhaul of the Navy-Owned Orote Power Plant, adopted and approved on August 27, 2024.


MEMORANDUM FOR RECORD

Subj: AGREEMENT FOR THE INSPECTION AND REPAIR/OVERHAUL OF OROTE POWER PLANT GENERATORS, BLDG 307, NAVAL BASE GUAM BY THE GUAM POWER AUTHORITY

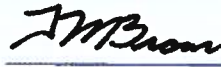
Ref: Intergovernmental Support Agreement (IGSA) for Electrical Power Goods and Support Services N61128-20230608-12554, 9 June 2023

Encl: (1) Guam Power Authority Orote Power Plant Repair/Overhaul Proposal, 23 September 2024
(2) Guam Consolidated Commission on Utilities Resolution No. FY2024-30 Relative to Approval of the Repair and Overhaul of the Navy-owned Orote Powerplant, 27 August 2024

1. **Purpose.** The purpose of this memorandum is to document Guam Power Authority's (GPA's) agreement to repair and overhaul the Navy-owned Orote Power Plant generators located at Naval Base Guam (NBG) Apra Harbor. The Navy requested and GPA will provide these support services under the IGSA for Electrical Power Goods and Support Services N61128-20230608-12554.
2. **Scope.** Activities will be consistent with Encl (1) for two engines. Work on one engine must be 100% complete; work on the second engine must be at least 50% complete, with the expectation that work will be 100% complete barring any unforeseen conditions. Work on the engine will be considered 50% complete when both turbochargers have been overhauled and half of the piston rings have been replaced.
3. **Funding.** This memorandum documents the obligation of funds, not to exceed \$1,800,000, by Commander, Joint Region Marianas (CJRM) for payment to GPA, in accordance with 31 USC § 1501. Following obligation of funds for payment, CJRM will provide full payment in advance in accordance with IGSA Article 17.



John M. Benavente, P.E. **23-Sept-2024**
 General Manager **Date**
 Guam Power Authority



T.M. BROWN **24 SEP 2024**
 Captain, U.S. Navy **Date**
 Regional Engineer
 By direction of the Commander
 Joint Region Marianas

Enclosure 1

**Guam Power Authority Orote Power Plant Repair/Overhaul Proposal
23 Sep 2023**



GUAM POWER AUTHORITY
ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977, HÁGATÑA, GUAM 96932-2977

September 23, 2024

T.M. Brown, P.E.
 Captain, Civil Engineer Corps, U.S. Navy
 Regional Engineer

Subject: Orote Power Plant Repair/Overhaul Proposal

Captain Brown,

This in response to your request for support service to repair/overhaul Orote Power Plant, Naval Base Guam received on August 8, 2024. The service offered shall be through the Intergovernmental Support Agreement (IGSA) N61128-20230608-12554.

Upon your request GPA has had several discussions with NAVFAC Marianas Utilities Management and with the contractor, Wartsila, Orote engine original equipment manufacturer (OEM) to clarify scope and cost proposals. Based on these discussions the overhaul of the engines was split into two separate projects due to funding availability. GPA provides the service proposal attached with a summary of cost and schedule below for an initial scope of two units and a budget cost for the remaining unit when funding is made available.

No.	Description	Initial Two Units	Remaining One Unit
1	Wartsila Engine OH Proposal (with Admin. Costs) ¹	\$ 1,443,716.82	\$ 746,768.91
2	Additional Delivery, Power, Storage Costs (with Admin. Costs) & Contingency ²	\$ 244,380.82	\$ 128,963.32
3	Estimated GPA Project Management ³	\$ 111,902.36	\$ 58,494.41
4	TOTAL PROPOSAL COSTS	\$ 1,800,000.00	\$ 934,226.64

5	Schedule⁴	~250 days / 8.5 mos.	~215 days / 7 mos.
	- Parts Order & Delivery	4-6 months	4-6 months
	- Unit Overhaul (per Unit)	35 days (70 days for 2 units)	35 days

Notes:

- 1 Scope focuses on the overhaul of the engine, turbocharger and governor and the upgrade of the load sharing and speed controls. Administrative costs to cover local taxes were added to scope costs. Note the contractor terms and conditions in proposal.
- 2 This includes estimates for additional requirements such as storage on site, delivery of shipment from airport as well as contingency for additional scope or adjustments for actual costs. Administrative costs to cover local taxes were added to scope costs.
- 3 GPA provides estimate costs for project support to include contract and project management/coordination before and during onsite work. This is an estimated amount. GPA will bill Navy for actual labor and equipment/vehicle costs.

4 Schedule is estimated and to be confirmed once parts are ordered.

Under GPA's procurement protocols with the Consolidated Commission on Utilities (CCU) and the Public Utilities Commission (PUC), this service is to be reimbursable with no potential rate impacts. Due to contractor requirements for part order mobilization fees and associated costs GPA will require Navy to provide upfront payments for these as indicated in the proposal attached.

We appreciate Navy's support during our generation shortfalls and your trust in GPA to provide this service. We look forward toward working with Navy to restore capacity and reliability of the Orote Power Plant.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Benavente". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

**John M. Benavente, P.E.
General Manager**



**GUAM POWER AUTHORITY
OROTE POWER PLANT OVERHAUL SERVICE
PROPOSAL**

SEPTEMBER 23, 2024

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ATTACHMENTS

- Attachment A - Wartsila Proposal
- Attachment B - Cost Summary
- Attachment C - Schedule Sample

1. Overview

This document summarizes the proposed scope of work, cost and schedule for the overhaul services at the Orote Power Plant. GPA has negotiated with the engine OEM, Wartsila, to perform the overhaul works. All contractor costs and GPA costs for contracting and project management for this Orote overhaul scope shall be reimbursable under the Intergovernmental Support Agreement (IGSA)) N61128-20230608-12554 with Navy effective June 9, 2023.

2. Proposal Scope of Work

2.1 Contractor (Wartsila Philippines Inc.)

The scope of work from Wartsila, shall be to complete the overhaul of two Wartsila engines at the Orote Power Plant. This includes providing parts and technical personnel to perform the overhaul of the engine, turbocharger and governors for each engine. Navy and Wartsila shall determine which units will be overhauled based on the units' condition. In addition, the contractor shall upgrade the load sharing and speed controls. **Attachment A** is proposal from the Wartsila, Philippines branch for the scope of work proposed.

Scope excludes any auxiliary systems or components other than mentioned in the proposal. Any additional work shall be discussed with Navy and approved in writing before commencing.

All terms and conditions of this proposal are to be transferred to Navy.

2.2 Guam Power Authority (GPA)

GPA shall provide contract management and project management of the contractor Wartsila for any coordination prior to and during onsite activities.

3. Deliverable

Wartsila will provide a complete service work report after completion of the service attendance based on the tasks outlined in **Attachment A**. This report will include all measurements taken during the service and recommendations. Please note that the engine units may not meet the original design standards or nameplate data. Various factors, such as wear, aging, operational stress or prior maintenance may affect performance.

Following inspection and assessment, Wartsila will provide a detailed report explaining any de-ratings of the units, if applicable.

4. Costs

4.1 Contractor Proposal Costs

The Wartsila proposal provided in **Attachment A** excludes local taxes which is required for Guam Business License holders. This has been included as additional administration costs to the amount shown below. Additional costs such as shipment from airport to Naval Base Guam (NBG), on-site storage (container) and other potential costs is also applied below as estimates and will be billed at cost plus administrative costs including local tax.

No.	Description	Two Units
1	Wartsila Engine OH Proposal (with Admin. Costs) ¹	\$ 1,443,716.82
2	Additional Delivery, Power, Storage Costs (with Admin. Costs) & Contingency ²	\$ 244,380.82
Total Wartsila Costs		\$ 1,688,097.64

Notes:

- 1 *Administrative costs such as GRT are added to this amount for total cost. Additional clarification and offer terms and conditions are provided on the attached Wartsila proposal.*
- 2 *This includes estimates for additional requirements such as storage on site, delivery of shipment from airport as well as contingency for additional scope or adjustments for actual costs.*

The Wartsila proposal is based on labor resources from Philippines and/or Indonesia as noted in its proposal. A referenced currency conversion rate is provided and is basis for contract pricing. Cost adjustments may be required due to changes in the conversion rate or Visa or base access denials requiring resources outside of Philippines or Indonesia. This potential issue is considered under the contingency amount along with cost true up of estimates for costs not available at this time. The contingency amount will also be used for any additional scope.

For parts and equipment Wartsila has clarified DAP (Delivery at Place) terms are for Wartsila to ship items to Guam airport. GPA will assist in releasing items from customs and Wartsila will arrange transportation of shipment from Guam airport to Naval Base Guam.

4.2 GPA Cost

Provided below is an estimate for GPA labor and vehicle use for contract management and project management prior and during the onsite activities

Description	Two Units
Estimated GPA Project Management	\$ 111,902.36

This includes engineer and plant personnel of estimated at approximately 550 man-hours, including overtime, for 10-hours per day 7-days per week overhaul schedule and coordination work prior to the onsite activities.

5. Responsibilities

5.1 Navy Responsibilities

Wartsila does outline requirements under Customer Responsibilities which shall be Navy's responsibility. Please see Customer Responsibilities starting on page 2 of **Attachment A**. GPA has noted some of the potential costs items in the proposal cost contingency, however other requirements such as isolation, lockout/tagout, fuel,

lubrications, manuals, power source, base access, etc. shall be provided or performed by Navy.

Wartsila has provided additional clarification to the Customer Responsibilities as provided below. Any and all tasks under Customer Responsibilities which are assigned to taken up by Wartsila or GPA will be additional costs to the proposal and subject to reimbursement under Additional Cost/Contingency:

- For heavy lifting equipment Wartsila requires a forklift and hoist. Additionally, Wartsila has certified overhead crane operators and is verifying if Navy allows their crane certification.
- For special tools Wartsila will provide certified Engine tools (e.i hydraulic tools). Although, DZSP21 confirmed that they have engine tools at site, they had not been used for some time and were not certified. Wartsila will use their engine tools to avoid delay if tools at site fail. Additional cost to be added in the contingency cost for the use and transportation of engine tools.
- Drilling equipment are drilling hand tools only.
- Wartsila will provide 3 units of 24V DC supply as discussed with Navy personnel.

5.2 Contractor Responsibilities

Wartsila will order and delivery parts, coordinate scheduling of manpower with GPA and Navy, process necessary Visas and coordinate with Navy for base access.

5.3 GPA Responsibilities

GPA will coordinate with Navy and contractor for scheduling, processing additional scope and provide project management.

6. Billing & Payment Terms

Navy will pay in advance for support services before the support services are provided. GPA will notify Navy of payments based the Contractor and GPA billing and payment terms below.

6.1 Contractor Billing & Payment Terms Payment

Wartsila has identified the following terms of payment. GPA shall submit processed invoices and payment confirmation to Navy promptly when executed.

- 30% mobilization (parts/services)
- 20% upon shipment of parts
- 20% upon delivery of parts
- 10% after completion of engine 1
- 10% after completion of engine 2
- 10% within 30 days after completion (retainage)

6.2 GPA Billing and Payment Terms

GPA shall bill Navy based on actual labor, equipment, and materials used plus overhead. Equipment used in the execution of the work include machinery as well as heavy and light duty equipment/vehicles. Overhead costs are administrative costs associated with the equipment/vehicles and material GPA utilizes for the job. All rates are subject to adjustment based on updates to GPA's operational costs.

Actual GPA labor and equipment costs will be billed at most quarterly.

7. Schedule

Contractor has provided an estimated schedule based on the proposed scope in Attachment A and is subject to adjustment depending on parts availability, Visa and base security access, scheduling of the onsite activities and additional scope. A sample schedule of the scope is provided in **Attachment C**.

Description	Two Units
Schedule	250 days / 8.5 mos.
- Parts Order & Delivery	4-6 months
- Unit Overhaul (per Unit)	35 days (70 days for 2 units)

Contractor has indicated the overhaul will be scheduled for 10-hour days, 7 days per week for the overhaul activities. Access to the facility and required resources will be required for this work schedule.

ATTACHMENT A

**Wartsila Proposal
OFFER FOR OROTE- Quotation 1 – 2 lots Engine
Overhaul (Parts and Service)
Dated 9/20/24**

Customer
Guam Power Authority
Hagatna
GUAM 96932

Your Contact
Your Inquiry Date 08 13, 24
Your Reference to be advise
Terms of Payment 30%
Downpayment
40% Upon presentation of Parts
Shipping Document
20% Upon Field Service Mobilization
10% within 30 days upon completion
Offer Valid To 09 30, 24

OFFER FOR OROTE- Quotation 1 – 2 lots Engine Overhaul (Parts and Service)

This offer is valid for the following equipment:
OROTE
5090000 STORK-WERKSPoor 16TM410D

Services for 2 Engines USD 654,868.00
Please refer to Cost Breakdown in Appendix 1

Spare Parts for 2 Engines USD 716,665.05
Please refer to Cost Breakdown in Appendix 1

Total price excluding VAT/Tax	USD 1,371,533.05
Total price	USD 1,371,533.05

The price for labour is based on the exchange rates valid at the date of this Offer (1USD=16,205.88 IDR, 57.82 PHP). Wärtsilä reserves the right to adjust the price in case of fluctuating exchange rates. Price will depend on the prevailing exchange rates on the day of Invoicing

Field Service

Delivery Time and Location

The service work will take place at site, as a yet to be confirmed date.
The estimated duration of the work is 30 consecutive days per engine excluding travel days
This quotation does not guarantee availability. Availability can only be confirmed on receipt of a firm purchase order. Prices for overseas personnel, if required, may vary to the quoted prices.

Please note that the given duration for the described scope is to be considered an estimation only and is subject to the situation at site, rendered assistance and arranged logistics. Any additional (repair) activities that result from the inspection(s) are excluded from the given lead time

Manpower

The service work will be performed by:
1 Wartsila Superintendent - Wartsila Indonesia

3 Wartsila Service Engineers - Wartsila Philippines
5 Wartsila Service Technicians - Wartsila Philippines
2 Turbocharger Engineers
1 Superintendent Engineer

5090000 STORK-WERKSPoor 16TM410D

Services for 2 Engines

Please refer to Appendix 1

Spare parts

Please refer to Offer 33 and Appendix 1

Terms of offer

Offer specific terms

- In the event that application of Visa is denied, offer will be recomputed for replacement of Wartsila Philippines and Indonesia personnel.
- Please note that the engine units may not meet the original design standards or nameplate data. Various factors, such as wear, aging, operational stress, or prior maintenance, may affect performance. Following inspection and assessment, we will provide a detailed report explaining any de-ratings of the units, if applicable.
- Wärtsilä is currently unaware of the status of the auxiliaries associated with this equipment. As such, we have not conducted an assessment of these auxiliaries. Please note that our quote does not include the cost of an assessment or any potential parts that may be required following an evaluation. Wärtsilä will need to be onsite to conduct a thorough assessment of the auxiliaries. Any additional costs for the assessment and necessary parts will be provided after the evaluation.

Notes

- Offer is for one-time mobilization-demobilization only.
- Travel Related cost please refer to attached Appendix 1
- Upon start of job, parts have to be available at site and the engine has to be removed from service, cooled down, drained from water and made available to the satisfaction of the attending service personnel.
- During the Engine and Component assessment, the customer will be promptly informed of any "as found parts" that require immediate replacement. If replacement parts are not readily available and cause a delay during the job, Wärtsilä will not be held liable for the delay. These parts will be offered separately.
- Waiver of Responsibility will be signed by Customers Personnel if Parts recommended for replacement was not agreed to be replace base on Wärtsilä's recommendation
- All engine component to be installed should be genuine OEM parts from Wärtsilä. Non-OEM parts will not be covered by warranty.
- The scope of supply is limited to the items listed herein and as described in this proposal. No assumption should be made for products or services not expressly stated in the proposal.
- Wärtsilä reserves the right to split and assign any or all portion of the scope of works to any company or affiliate of Wärtsilä group, if deemed necessary. Please note that the final executing company of the scope of work may be an affiliate of Wärtsilä, at Wärtsilä's discretion.

Customer responsibilities

- Customer is responsible to ensure proper isolation, lockout and tagout of the system where the re-

- termination work will take place.
- Customer to provide fuel, lube oil, water, electricity, ventilation and 7 bar air supply during overhauling works.
- All related Heavy Lifting Equipment will be Customers responsibility.
- Required work permits, customs, shipyard and other government taxes (if any) relating to the offer will be Customers responsibility. Customer to facilitate / arrange gate pass and entry permits.
- Special tools, manuals, and other related materials (e.g. compressed air, electricity, etc.) required for the will be provided by Customer
- Engineer needs full access to current system (701)
- Drilling equipment to be provided by the customer
- Provision of all existing drawings, data, and related documentation corresponding to the new system for detailed engineering.
- Review and approved documents
- 24V DC power supply for the speed controller
- The offered price does not include waiting & travelling hours, travelling & accommodation expenses and daily allowances.
- Possible transportation costs are not included on the above price. Transportation costs will be invoiced at cost +10%

Deliverables

Wärtsilä will provide a complete service work report after completion of the service attendance. This report will include all measurements taken during the service and recommendations.

Additional work

If the service measures will reveal the necessity for any additional required measures or spare parts, this will be offered separately. The Customer will be notified to obtain approval prior to commencement of work. Additional ordered parts during execution will be invoiced after completion.

Change of requirements

Any change in requirement and/or scope of supply will be subject to review and may affect prices offered. For any changes to the specification requested after acceptance of the order, we reserve the right to amend prices and delivery dates accordingly.

Conditions

This Offer is governed by Wärtsilä's General Terms and Conditions, attached, unless a signed framework or maintenance agreement between the parties takes precedence. The applicability of any other Terms and Conditions is expressly rejected. Validity of this document is subject to the full payment of all the overdue invoices and approved credit review by Wärtsilä.

Appendices

APPENDIX 1 - SO-115185
Energy-Austral Asia-WPH-FS Rates-Incl Daily Rates-PHP-01-2024
Energy-Austral Asia-WID-FS Rates-IDR-01-2024
EN-EN General Terms and Conditions - Service Work - 2023



Sincerely

Wärtsilä Philippines, Inc.
Michael Angelo Flores
Account Manager
michael.flores@wartsila.com

SCOPE OF WORKS

Removal of Cylinder Heads
Removal of Pistons
Removal of Big end bearing caps
Removal of Liners
Removal of Safety Valve
Removal of Camshaft Left and Right bank
Removal of Gear Wheel Casing
Removal of Intermediate Gears
Removal of Turning Gear
Inspection of Exhaust Manifold
Removal of Fuel Pump Bracket
Removal of Fuel Pumps
Removal of Push rods
Removal of Fuel Rack
Removal of Governor Drive
Removal of Lubrication Inlet Valve
Overhauling of Cylinder Heads

Overhauling of Pistons
Overhauling of Big end bearing caps
Overhauling of Liners
Overhauling of Safety Valve
Overhauling of Camshaft Left and Right bank
Overhauling of Gear Wheel Casing
Overhauling of Intermediate Gears
Overhauling of Turning Gear
Overhauling of Fuel Pump Bracket
Overhauling of Fuel Pumps
Overhauling of Push rods
Overhauling of Fuel Rack
Overhauling of Governor Drive
Overhauling of Lubrication Inlet Valve
Installation of Cylinder Heads
Installation of Pistons
Installation of Big end bearing caps
Installation of Liners
Installation of Safety Valve
Installation of Camshaft Left and Right bank
Installation of Gear Wheel Casing
Installation of Intermediate Gears

**Installation of Turning Gear
Installation of Fuel Pump Bracket
Installation of Fuel Pumps
Installation of Push rods
Installation of Fuel Rack
Installation of Governor Drive
Installation of Lubrication Inlet Valve**

**Turbocharger Scope
Rotor - Service Work for 7 units
Cover ring - Mechanical cleaning for 6 units
Nozzle ring - Mechanical cleaning for 6 units**

**Governor Overhauling
Bench test and record setting.
Disassembly, cleaning and inspection of all parts.
Install recommended parts.
Renew bearings, seals, packing, pins, etc. as supplied in Woodward standard overhauling kit.
Re-assembly of the governor.
Adjust and test governor on WPH governor test stand.
Paint, wrap in plastic and prepare for delivery.**

Installation and Commissioning of 2301E Electronic Load Sharing and Speed

**Commissioning and Testing
Submit Work Report**

Quotation 1 – 2 lots engine overhaul (parts and service)			
Services			
ITEM	Description	Sales Price	Remarks
001	First Engine	USD 202,259.00	Major Preventive Maintenance including 701 and Load Sensing to 2301E. Charge as per daily rates 23 weekdays and 9 Weekends
002	Second Engine	USD 202,259.00	Major Preventive Maintenance including 701 and Load Sensing to 2301E. Charge as per daily rates 23 weekdays and 9 Weekends
003	Overhauling of 2 EGB-58P Governor Units	USD 7,000.00	USD 3,500.00 per 1 Governor Unit To be Overhauled at Wartsila Workshop
004	Travel Related Cost - Refer to Breakdown	USD 243,350.00	Refer to breakdown below
	SUBTOTAL	USD 654,868.00	
Spare Parts			
001	Spare Parts for 2 Engines	USD 584,598.38	DAP Terms
002	Offer for Turbocharger Parts for 4 units Turbocharger	USD 64,213.33	DDP Terms PISTON RING 4 pieces SEALING BUSH 4 pieces SEALING BUSH 4 pieces BEARING COMPLETE CE, 4 pieces NIPPLE 4 pieces GASKET 4 pieces GASKET 4 pieces SAFETY RING 4 pieces BEARING COMPLETE TE, 4 pieces NIPPLE 4 pieces SAFETY RING 4 pieces GASKET 4 pieces GASKET 4 pieces GASKET 4 pieces PISTON RING 4 pieces GASKET 4 pieces LOCKING PLATE 28 pieces HEX.-HEADED SCREW 14 pieces HEX.-HEADED SCREW 28 pieces LOCKING PLATE 14 pieces
003	Hardware For Upgrading 701 and Load Sensing - 2 x 2301E Electronic Load Sharing and Speed	USD 33,333.33	Project Management Develop control Wiring and Interconnection I/O Wiring Configuration and System Testing Ex-Singapore Approx. 2 to 3 months ex-Singapore. Actual

			lead time to be confirmed at time of order confirmation
004	Spare parts for 2 EGB-58P (OH Kit and Driveshaft)	USD 3,200.00	USD 1,600 per 1 Overhauling Kit and 1 Driveshaft
005	Transportation of 5 Units Turbocharger - Computed for 4 Units + 1 Spare Rotor	USD 30,000.00	USD 6,000.00 Roundtrip per one Turbocharger
006	Transportation of 2 Units Governors	USD 1,320.00	USD 660.00 per governor
	SUBTOTAL	USD 716,665.05	
	TOTAL	USD 1,371,533.05	

ITEM 004

Travel related costs are invoiced according to actual costs with additional 10% handling fee. The estimated costs is based on utilization of the service resources as specified in paragraph "Field Service" and is to be considered indicative only.

Typical Travel related costs are:

- All travel (including flights, excess baggage, car rentals and any other travel costs incurred)
- All accommodation outbound / inbound
- Any visas / work permits required
- Daily allowance (during travel) , Travel time charges, Preparation before travel (Practice may vary)
- Transportation of Equipment, Governors, and T/C

WPH/WID Engine Works

Description	QTY	Units	Unit Price	Total
WPH Travelling 1 roundtrip x 8 pax x 48 hours	384	hours	USD 90.00	USD 34,560.00
WID Travelling 1 roundtrip x 1 pax x 48 hours	48	hours	USD 90.00	USD 4,320.00
Extra Baggage Fees (Tools / Parts 2 Trip)	2	units	USD 550.00	USD 1,100.00
Ground Transportation (Rent-a-car x 105 days for 3 engines)	70	days	USD 220.00	USD 15,400.00
Hotel Accommodation (70days x 9 pax)	630	pax x days	USD 230.00	USD 144,900.00
Airfare (Fees)	9	flights	USD 930.00	USD 8,370.00
VISA	9	pax x days	USD 380.00	USD 3,420.00
			Total	USD 212,070.00

Speed Controller Works

Description	QTY	Units	Unit Price	Total
Travelling 2 trips per one Engine	4	x 8 hours	USD 1,200.00	USD 4,800.00

Ground Transportation (Rent-a-car x 6 days)	12	days	USD 120.00	USD 1,440.00
Allowance (1 SE x 8 Days)	16	pax x days	USD 70.00	USD 1,120.00
Hotel Accommodation (6 Days)	12	days	USD 230.00	USD 2,760.00
Airfare (Fees) (2 Trips/Engine of 1 SE)	4	flights	USD 930.00	USD 3,720.00
VISA	1	pax x days	USD 380.00	USD 380.00
			Total	USD 14,220.00

Turbocharger Works

Description	QTY	Units	Unit Price	Total
Travelling	48	hours	USD 90.00	USD 4,320.00
Extra Baggage Fees	4	trips	USD 550.00	USD 2,200.00
Transportation Rent-a-car	16	days	USD 120.00	USD 1,920.00
FLAHA	12	days	USD 70.00	USD 840.00
Hotel Accommodation	16	flights	USD 230.00	USD 3,680.00
Airfare (Fees)	4	pax	USD 930.00	USD 3,720.00
Visa	1	pax	USD 380.00	USD 380.00
			Total	USD 17,060.00

Estimated Grand Total USD 243,350.00

SERVICE WORK CHARGES VALID FOR 4-Stroke, 2-Stroke, Propulsion, Electrical & Automation

A. RATES in PHP excl. VAT

Applicable Rates:	Hourly Rates			Daily Rates	
	Normal Rate	Overtime A Rate	Overtime B Rate	Normal Rate	Other Rate
Service Technician	2440	3060	3910	25610	39050
Service Engineer	2890	3710	4590	30480	45910
Superintendent	3710	4980	5880	39640	58850
Technical Advisor	4081	5478	6468	43604	64735

B. Terms and conditions

Normal Hourly Rate	Monday to Friday up to eight (8) consecutive hours for work performed between 7:00 AM and 7:00 PM.
Overtime A	Monday to Friday, commencing on ninth (9th) working hour for work performed between 7:00am and 7:00pm (daytime) and for work performed between 7:00pm and 7:00am (night-time). Saturdays, up to first eight (8) consecutive hours.
Overtime B	Saturdays, commencing on ninth (9th) working hour. Sundays and public holidays, all hours.
Daily rates	Normal rate is applicable for work performed from Monday to Friday and Other rate respectively for all other weekdays and public holidays. Daily rates include ten (10) consecutive hours for all weekdays. Exceeding hours will be charged according to Overtime hours definition. Daily allowances are included in the Daily rates.
Daily allowance	Will be charged according to following fees. Domestic travelling with 650 PHP per day and International travelling with 80 USD per day.
Travel Hours	Will be charged as Normal hours.
Waiting Time	Will be charged up to max. 8 hours per day as Normal hours for both Normal Weekdays and Other Days.
Preparing & Reporting Time	Will be charged up to max. 8 hours per day as Normal hours for both Normal Weekdays and Other Days.
Special Tools	All Special Tools provided by Wärtsilä Group will be charged according to separately provided price list or quoted price.
Company Car Usage	17 PHP per km.

Travelling Expenses	Will be charged at cost plus 10% administrative fee.
Miscellaneous Expenses	Will be charged at cost plus 10% administrative fee.
Working Aboard	If a service worker must stay on board an installation without the possibility of exit after a working day, a minimum of 12 hours per day will be charged according to applicable rate.

C. Reserved rights and charges

C1. Reservation Fee

This Reservation Fee will be applied when the customer specifically requests to put an engineer on "Reserved Status" (making him/her unavailable for other jobs or service assignments) awaiting travel instructions to customers work site. A maximum of five days is permissible for reserving an engineer. When five days have elapsed Wärtsilä reserve the right to re-assign the engineer for other service assignments.

See table in Section C3 for applicable fees.

C2. Rescheduling and Cancellation Fees

If customer requests service work to be rescheduled or cancelled less than 1 week prior to the scheduled job start date, a *Rescheduling Fee*, or a *Cancellation Fee* (for each affected service engineer) will be charged in accordance with Table C3.

Confirmation of the newly requested dates will be subject to the availability of the required engineer(s).

In addition to the Rescheduling or Cancellation fee, customer shall be responsible for all other costs incurred by Wärtsilä as a result of the rescheduling, including, but not limited to, unavoidable additional travel and accommodation costs.

See table in Section C3 for applicable fees.

C3. Table of applicable fees (per affected engineer)

Reservation Fee	Rescheduling Fee	Cancellation Fee
PHP 2500	PHP 2500	PHP 10000

D. General Terms & Conditions

In all other respects, the latest version of "WÄRTSILÄ GENERAL TERMS AND CONDITIONS SERVICES" applicable at the time of order, shall be applied.

All spare parts used for maintenance work will be charged according to Wärtsilä global list price, and the latest version of "WÄRTSILÄ GENERAL TERMS AND CONDITIONS PARTS" applicable at the time of order, shall be applied.



Field Service Rates 2024

Wärtsilä Philippines Inc

E. Validity

Date of revision: **01.01.2024**

This price list is valid from the Date of Revision and continues until further notice.

Wärtsilä reserves the right to revise and amend this price list at any time.

SERVICE WORK CHARGES VALID FOR 4-Stroke, 2-Stroke, Propulsion, Electrical & Automation

A. RATES in IDR excl. VAT

Applicable Rates:	Hourly Rates			Daily Rates	
Performed by	Normal Rate	Overtime A Rate	Overtime B Rate	Normal Rate	Other Rate
Service Technician	424350	636525	848700	4523500	6645250
Service Engineer	486480	729720	972960	5144800	7577200
Superintendent	679050	1018600	1358100	7029900	10425200
Technical Advisor	746955	1125460	1498910	7704890	11444720

B. Terms and conditions

Normal Hourly Rate	Monday to Friday up to eight (8) consecutive hours for work performed between 7:00 AM and 7:00 PM.
Overtime A	Monday to Friday, commencing on ninth (9th) working hour for work performed between 7:00am and 7:00pm (daytime) and for work performed between 7:00pm and 7:00am (night-time). Saturdays, up to first eight (8) consecutive hours.
Overtime B	Saturdays, commencing on ninth (9th) working hour. Sundays and public holidays, all hours.
Daily rates	Normal rate is applicable for work performed from Monday to Friday and Other rate respectively for all other weekdays and public holidays. Daily rates include ten (10) consecutive hours for all weekdays. Exceeding hours will be charged according to Overtime hours definition. Daily allowances are included in the Daily rates.
Daily allowance	Will be charged at cost + 10% administrative fee.
Travel Hours	Will be charged as Normal hours.
Waiting Time	Will be charged up to max. 8 hours per day as Normal hours for both Normal Weekdays and Other Days.
Preparing & Reporting Time	Will be charged up to max. 8 hours per day as Normal hours for both Normal Weekdays and Other Days.
Special Tools	All Special Tools provided by Wärtsilä Group will be charged according to separately provided price list or quoted price.
Company Car Usage	2200000 IDR per round trip.

Travelling Expenses	Will be charged at cost plus 10% administrative fee.
Miscellaneous Expenses	Will be charged at cost plus 10% administrative fee.
Working Aboard	If a service worker must stay on board an installation without the possibility of exit after a working day, a minimum of 12 hours per day will be charged according to applicable rate.

C. Reserved rights and charges

C1. Reservation Fee

This Reservation Fee will be applied when the customer specifically requests to put an engineer on "Reserved Status" (making him/her unavailable for other jobs or service assignments) awaiting travel instructions to customer's work site. A maximum of five days is permissible for reserving an engineer. When five days have elapsed Wärtsilä reserves the right to re-assign the engineer for other service assignments.

See table in Section C3 for applicable fees.

C2. Rescheduling and Cancellation Fees

If customer requests service work to be rescheduled or cancelled less than 1 week prior to the scheduled job start date, a *Rescheduling Fee*, or a *Cancellation Fee* (for each affected service engineer) will be charged in accordance with Table C3.

Confirmation of the newly requested dates will be subject to the availability of the required engineer(s).

In addition to the Rescheduling or Cancellation fee, customer shall be responsible for all other costs incurred by Wärtsilä as a result of the rescheduling, including, but not limited to, unavoidable additional travel and accommodation costs.

See table in Section C3 for applicable fees.

C3. Table of applicable fees (per affected engineer)

Reservation Fee	Rescheduling Fee	Cancellation Fee
IDR 2572400	IDR 2572400	IDR 5144800

D. General Terms & Conditions

In all other respects, the latest version of "WÄRTSILÄ GENERAL TERMS AND CONDITIONS SERVICES" applicable at the time of order, shall be applied.

All spare parts used for maintenance work will be charged according to Wärtsilä global list price, and the latest version of "WÄRTSILÄ GENERAL TERMS AND CONDITIONS PARTS" applicable at the time of order, shall be applied.



Field Service Rates 2024

PT. Wärtsilä Indonesia

E. Validity

Date of revision: **01.01.2024**

This price list is valid from the Date of Revision and continues until further notice.

Wärtsilä reserves the right to revise and amend this price list at any time.

1. INTRODUCTION, CONTRACT FORMATION, SCOPE, AND CHANGES

1.1 These General Terms and Conditions – Service Work (2023) (the “Conditions”) shall, unless otherwise agreed in writing, apply to all services performed (“Service Work”) by any authorized member, agent, or representative of the Wärtsilä Group (the “Contractor”) for a customer (the “Customer”).

1.2 The Contractor’s offers are conditional on credit approval and discharge of any existing debts. Contractor may rescind any offer or suspend or terminate the Contract without liability to the Customer if Customer does not discharge existing debts or is deemed, at Contractor’s sole discretion, not credit worthy. Offers are non-binding until accepted and confirmed by a purchase order issued by the Customer in compliance with these Conditions. Upon receipt of Customer’s purchase order, Contractor may issue an order acknowledgement or begin work, in either case forming a “Contract”. These Conditions shall form an integral part of the Contract.

1.3. Any terms inconsistent with or additional to the Conditions are hereby disclaimed and shall have no effect unless signed by Contractor’s authorised representative.

1.4 The Customer may not change or cancel any purchase order after it has been received by the Contractor unless the Contractor has agreed in writing to such change or cancellation. Customer shall pay any applicable rescheduling, cancellation, or variation order fees as per the Contractor’s latest rates.

1.5 Depending on conditions encountered or discovered after formation of the Contract, Contractor may recommend reasonable changes to the scope of the Service Work or Physical Work and Customer shall pay for any additional Service Work provided by Contractor because of such changes.

2. SCOPE OF SERVICES

2.1 Contractor shall perform the Service Work specified in Contractor’s order acknowledgement. Service Work may be delivered onsite or remotely.

2.2 Service Work may include: (1) “*Field Service*”, that is, the attendance of a service technician or technical manpower (“Primary Service Technician”) provided by the Contractor to perform installation, commissioning, repair, reconditioning or maintenance of Customer equipment; (2) “*Workshop Services*”, that is, the inspection, overhaul, replacement or reconditioning of Customer’s parts at Contractor’s workshop; (3) “*Technical Advisory Services*”, that is, the provision of technical advice by Contractor’s technical expert(s) (“Technical Advisor”); (4) “*Investigation Services*”, that is, the inspection or investigation of the condition or performance of Customer parts or equipment; or (5) other services as specified in Contractor’s order acknowledgement.

2.2 If Contractor is providing Technical Advisory Services, Contractor is not responsible for performing any installation, repair, or maintenance of equipment (the “Physical Work”). Customer shall provide adequate Primary Service Technician(s) to complete the Physical Work, and ensure they fully cooperate with Contractor’s Technical Advisor(s). Customer shall have no right to employ Contractor’s personnel for Physical Work unless Contractor has undertaken that its Technical Advisor(s) will perform such work in its order acknowledgement. A Technical Advisor is not a supervisor or superintendent. Where providing Technical Advisory Services, Contractor disclaims all responsibility for Physical Work performed by Customer’s Primary Service Technician(s).

2.3 Unless otherwise stated in Contractor’s offer or order acknowledgement, “Workshop Services” does not include transportation of Customer’s parts to and from Contractor’s workshop. Customer shall arrange to deliver the parts DDP Contractor’s workshop, and to pick up the parts EXW Contractor’s workshop once the Service Work is completed.

2.4 Investigation Services do not include any guarantee as to the results or condition of the Customer equipment or part investigated, and do not give rise to a warranty.

3. CONFIDENTIALITY AND INTELLECTUAL PROPERTY

3.1 Neither party shall copy or disclose to a third party any document or data provided by the other party without the prior written consent of the other party or use them for purposes other than those for which they were provided. Intellectual property rights associated with the Service Work, or any document or data provided by the Contractor in connection therewith shall remain the Contractor’s property. The Customer shall defend, indemnify, and hold harmless the Contractor against all claims, losses, and damages, including reasonable attorneys’ fees, arising out of, or resulting from any reuse, modification, reproduction or publication of the Contractor’s intellectual property documents or data. To the extent there is a conflict between the

foregoing provisions regarding confidentiality and intellectual property and any terms or conditions of any software license agreement, the terms and conditions of such software license agreement shall prevail.

3.2 Notwithstanding anything to the contrary, companies belonging to Wärtsilä Group shall have the right to collect data from sensors, instruments, monitors, data collectors, industrial control or SCADA devices located at Customer’s sites or on the equipment delivered, or if agreed between the parties through any digital platform managed by Customer or an authorized third party for storing such data, and use such data, including but not limited, to support and develop its products, solutions and services. Data may be transferred within Wärtsilä Group and to third parties who act for or on its behalf for processing the data. Companies belonging to Wärtsilä Group shall own any enrichment, report or derivative work developed or derived from such data. The rights granted hereunder shall survive any termination or expiration of the Contract.

3.3 Subject to the Customer’s compliance with the Contract and these Conditions, the Contractor grants the Customer a non-exclusive license to use any software supplied with the Service Work (“Software”) in connection with the normal and proper use of the applicable products. If Software is supplied as part of the Service Work, the term Service Work shall be deemed to include Software whenever used in these Conditions. The Customer may make copies of the Software only where essential for its lawful operation or for necessary back-up purposes. The following terms apply to the Software: (1) Customer shall not copy, modify, create derivative works from, disassemble or otherwise attempt to derive the source code; (2) supply of Software does not include updates, upgrades, maintenance, support or other additional services and any such items shall be subject to separate written agreement and additional cost; (3) the use of the Software may be subject to separate terms of use or third-party software terms as updated from time to time; (4) any onward supply of the Software to Customer’s customers or other end users, shall be subject to the applicable terms of the Contract and these conditions (or substantially equivalent terms). If any cloud-based service is supplied in connection with the Services (“Cloud Service”) then the Customer may access the Cloud Service for the duration agreed in the Contract.

4. PERFORMANCE, DELIVERY, ACCEPTANCE

4.1 The Customer shall be deemed to have accepted the Service Work performed by the Contractor and the quality and quantity of any parts delivered as part of the Service Work as being in accordance with the Contract unless the Customer has notified the Contractor of any non-conformity, shortages, or damage within three (3) days following the last day on which the Service Work was performed. Any date or period for dispatching or completion stipulated or quoted shall be deemed to be an estimate only, and there shall be no express or implied time limit in dispatching or completing any Service Work.

4.2 If the Customer anticipates that the Service Work cannot be commenced or a delivery accepted as agreed in the Contract due to reasons attributable to the Customer, the Customer shall notify the Contractor in writing stating the reason and the time when the Customer anticipates that the Service Work could commence, or the delivery be accepted. The Contractor may by notice require the Customer to set a final reasonable time for when the Service Work should commence, or the delivery be accepted. Any additional costs related to such delay shall be borne by the Customer, including as further described in Clauses 1.4 and 9.3.

4.3 All references to trade terms shall be interpreted in accordance with Incoterms® 2020. Any date or period for delivery or completion of services stipulated or quoted by Contractor shall be deemed to be an estimate only. Packing materials shall not be returned to the Contractor.

4.4 The Contractor has a right to suspend the performance of its obligations under the Contract if it is reasonably clear from the circumstances that the Customer will not be able to perform its obligations as stated in the Contract.

5. COMPENSATION, PAYMENT, AND OWNERSHIP

5.1 If not expressly agreed otherwise in writing, the Contract’s price is based on the Service Work performed during normal working hours. Time sheets for each week shall be provided thereafter by the Contractor to the Customer and shall be promptly checked and attested by the Customer. The time sheets provided by the Contractor shall be deemed to be evidence of the working hours invoiced by the Contractor. Hourly rates, overtime rates and daily allowances shall be as specified in the Contractor’s standard rates then in effect (such rates are subject to change from time to time). The Customer will be charged a daily allowance for each of the Contractor’s personnel based on the number of working days from the date of departure of such personnel until their return. Unless otherwise agreed in writing, a normal working week is

comprised of forty (40) hours; eight (8) hours per working day, spread over five (5) working days. Local holidays shall be observed. Unless otherwise agreed, any Service Work done outside normal working hours shall be charged to the Customer as overtime. Any waiting and/or stand-by time for which the Contractor is not responsible shall be charged to the Customer as normal working time. Time spent by the Contractor's personnel travelling to and from the Contractor's office, the work site and the Customer-provided lodging shall be for the Customer's account. The daily remuneration and allowances shall be payable during incapacity caused by sickness of or accident to any of the Contractor's personnel if caused by failure of the Customer to maintain safety in the work site environment.

5.2 All travel expenses, plus ten percent (10%) handling cost, incurred in connection with the Contract shall be for the account of the Customer. Travel expenses include: (a) fares for journey by rail, sea, air, car and/or bus; (b) carriage, freight and customs duties as well as insurance due in connection with personal effects, instruments and tools required for the Service Work, including necessary costs for overweight on air freight; and (c) all out-of-pocket expenses incurred by the Contractor for the Service Work ordered by the Customer, such as internet use, facsimile and telephone calls.

5.3 In the event of any illness or accident affecting any of the Contractor's personnel, whether during the performance of Service Work or otherwise, necessitating medical attention or hospital treatment, the Customer shall ensure that the best and appropriate medical facilities and medications are made available to the Contractor's personnel. If it is necessary to repatriate an ill, injured, or deceased member of the Contractor's personnel, the Customer shall assist the Contractor in arranging for such repatriation in the safest and most expedient manner. All costs incurred under this Clause 4.3 shall be borne by the Contractor.

5.4 Unless otherwise agreed, payment shall be made by bank remittance in the currency and to the bank account set forth in the invoice within twenty (20) days following the date of the invoice. Payment shall be made in full without any set off, counterclaim or deduction, all expenses for remitting payments being borne by Customer. The Customer shall pay interest on overdue payments from the maturity date until the actual date of payment at the rate of one and one quarter percent (1.25%) per month, compounded monthly. The Customer shall pay the Contractor all costs related to the collection of overdue amounts, including reasonable attorneys' fees. In the event any payment is more than thirty (30) days late, the Contractor shall be entitled to suspend or terminate the Contract by written notice to the Customer, and such remedies shall not be exclusive of the Contractor's additional rights under contract or law. Title to any part, material, equipment, supplies, consumables or replacement and any other items furnished, provided, or supplied by the Contractor in performance of the Service Work shall pass to the Customer only when payment in full has been received by the Contractor. The Contractor may as a precondition for the performance of the Service Work, request that the Customer provides the Contractor with security covering any unpaid amount already owed to the Contractor or one of its affiliates.

5.5 Any assistance or work performed by the Contractor outside the scope of Contract shall be charged as extra work in accordance with the Contractor's standard rates then in effect and with these Conditions.

5.6 All prices quoted in Contractor's offer, order acknowledgement, price lists(s) or invoices are net and exclude taxes, duties and similar assessments which are payable in addition as applicable. Contractor reserves the right to make changes to its price list(s) without prior notice.

6. WARRANTY

6.1 For Service Work where Contractor is providing Field Service or Workshop Services, Contractor shall re-perform, in whole or in part, at its sole discretion, any defective Service Work which appears during the warranty period. If providing Technical Advisory Services, Contractor shall correct any incorrect advice discovered during the warranty period, but provides no warranty or remedy for Physical Work performed by Customer's Primary Service Technician(s) or warranty as to the general condition of equipment with respect to which Contractor has provided Technical Advisory Services. Investigation Services do not give rise to any warranty. Service Work does not create a general warranty for the equipment, part or component serviced, and Contractor's sole warranty obligation is to re-perform any defective Service Work.

6.2 The Customer shall immediately take appropriate steps to prevent any defect from becoming more serious, and to enable Contractor to perform its warranty obligations under Clause 6.1.

6.3 All warranty claims shall be made in writing without delay and not later than fourteen (14) days following discovery of such defect during the warranty period. The Customer shall have the responsibility to establish that its claim is covered by this warranty. Parts replaced by Contractor under warranty shall become the Contractor's property and upon the Contractor's request, be returned at the Contractor's cost. Delivery of repairs or re-performance under this warranty will be made in accordance with the original Contract delivery terms. The Contractor warrants that any Software shall not contain any material non-conformance with the Contractor's technical specification for such software during the warranty period and that the Cloud Service will perform substantially in accordance with the Contract and Contractor's technical specifications for the duration of the applicable term provided in the Contract.

6.4 The warranty period for the Service Work begins on the date of delivery and ends six (6) months from the last day of performance of the applicable Service Work. The warranty period in respect of Service Work which has been re-performed under the warranty shall expire six (6) months following the last day on which the Service Work was re-performed under the warranty. The

warranty for re-performed Service Work shall be subject to the same terms, conditions, and limitations of liability, as those applicable to the originally-performed Service Work. Under no circumstances shall the warranty period of any Service Work (whether original or re-performed) extend beyond the date that is twelve (12) months following the date of commencement of the original warranty period as stipulated above in the first sentence of this Clause.

6.5 The Contractor shall not be liable for, and the warranty of this Clause doesn't apply to any defect due to or arising in connection with: (1) any Physical Work performed by Primary Service Technicians provided by Customer; (2) any materials, components, tools, designs or software provided by the Customer; (3) negligence or willful misconduct of the Customer or 3rd parties; (4) parts, accessories or attachments other than those supplied by the Contractor in the course of performance of the Service Work; (5) improper service work, installation or alterations carried out by the Customer; (6) normal wear and tear; (7) use of unsuitable material or consumables by the Customer; (8) fluctuation in the grid; (9) any use, service or operation of any equipment, parts or components upon which Service Work was performed which is not in conformity with manuals, instructions or specifications provided by the Contractor or which is otherwise not in accordance with normal industry practice; or (10) any non-conformities, defects (including latent defects), damage, vulnerabilities, or problems with Customer's equipment or parts which predate the Service Work, even where the Service Work specifically includes Investigative Services intended to identify such pre-existing conditions or Workshop Services to re-condition a part. The Contractor's warranty obligation does not include any cramage, electricity, scaffolding, docking, diving, sub-sea work, towage costs, demounting or mounting costs and expenses of the Contractor's personnel or representatives, taxes, and duties, and all such costs and expenses shall be reimbursed by the Customer to the Contractor when applicable. If, after the Contractor's warranty investigation, Contractor (at its sole discretion) concludes that the Customer does not have a warranty claim within the scope of these Conditions, then the Customer shall be responsible for all applicable costs and expenses incurred by Contractor in investigating or responding to the warranty claim.

6.6 THIS CLAUSE 6 SETS FORTH THE ONLY WARRANTY APPLICABLE TO THE SERVICE WORK AND IS IN LIEU OF ANY OTHER WARRANTIES, GUARANTEES, OBLIGATIONS AND LIABILITIES EXPRESS OR IMPLIED INCLUDING WARRANTIES, GUARANTEES, OBLIGATIONS OR LIABILITIES AGAINST NON-CONFORMITY OR DEFECTS. THE CUSTOMER HEREBY WAIVES ALL OTHER REMEDIES, WARRANTIES, GUARANTEES AND LIABILITIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION FITNESS FOR PURPOSE, MERCHANTABILITY OR SATISFACTORY QUALITY) WITH RESPECT TO ANY NON-CONFORMITY, DEFECT, ERROR, OR OMISSION ASSOCIATED WITH THE SERVICE WORK. CUSTOMER ACCEPTS THE SOFTWARE AND CLOUD SERVICE "AS IS" AND AS AVAILABLE. CONTRACTOR DOES NOT GUARANTEE THAT THE SOFTWARE OR CLOUD SERVICE WILL BE ERROR-FREE, VIRUS-FREE, UNINTERRUPTED OR FREE FROM VULNERABILITIES, OR THAT CONTRACTOR WILL CORRECT ALL ERRORS. CUSTOMER ACKNOWLEDGES THAT CONTRACTOR DOES NOT CONTROL THE TRANSFER OF DATA OVER COMMUNICATIONS FACILITIES, INCLUDING THE INTERNET, AND THAT THE CLOUD SERVICE MAY BE SUBJECT TO LIMITATIONS, DELAYS AND OTHER PROBLEMS INHERENT IN THE USE OF SUCH COMMUNICATIONS FACILITIES. CONTRACTOR IS NOT RESPONSIBLE FOR ANY DOWNTIME OR OTHER PROBLEMS IN CUSTOMER'S OR ANY OTHER THIRD PARTY'S SYSTEMS. CONTRACTOR IS NOT LIABLE FOR DELAYS, DELIVERY FAILURES OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS.

7. CONTRACTOR'S LIABILITY

7.1 IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, BREACH OF WARRANTY, TORT LIABILITY (INCLUDING NEGLIGENCE OR STRICT LIABILITY), OR OTHERWISE, SHALL THE CONTRACTOR BE LIABLE FOR ANY INDIRECT, CONTINGENT, SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, HOWEVER CAUSED OR ARISING (WHETHER ACTUAL OR ANTICIPATED) NOR FOR LOSSES OR DAMAGES (WHETHER ACTUAL OR ANTICIPATED) CAUSED BY REASON OF UNAVAILABILITY OF THE EQUIPMENT OR THE FACILITY, SHUTDOWNS OR SERVICE INTERRUPTIONS, LOSS OF USE, LOSS OF PROFITS OR REVENUE, LOSS OF SAVINGS, LOSS OF REPUTATION, INVENTORY OR USE CHARGES, COST OF PURCHASED OR REPLACEMENT POWER, INTEREST CHARGES OR COST OF CAPITAL, ANY CLAIMS OF THE CUSTOMER'S CUSTOMERS, PUNITIVE OR EXEMPLARY DAMAGES, THE COST OF SUBSTITUTED EQUIPMENT, SPARE PARTS OR SERVICES OR REPLACEMENT, REMOVAL OR REINSTALLATION SERVICE WORK NOT ARISING FROM THE WARRANTY PROVIDED HEREIN, TOWAGE CHARGES, POLLUTION REMEDIATION COSTS, COSTS OF DOCKING, DIVING OR SUB-SEA WORK, DAMAGE TO ANY VESSEL, ENGINE ROOM OR POWER PLANT SITE, YARD OR OTHER PROPERTY (INCLUDING DAMAGE TO GOODS OWNED BY THE CUSTOMER), DAMAGE TO ANY EQUIPMENT OR PROPERTY OTHER THAN THE EQUIPMENT, COMPONENTS OR PARTS ON WHICH SERVICE WORK WAS DIRECTLY PERFORMED HEREUNDER, COSTS FOR ANY ADDITIONAL TESTS, SEA TRIALS, DEBRIS REMOVAL OR FOR LOSS OF TIME OR USE OF ANY EQUIPMENT, INSTALLATION SYSTEM, OPERATION OR SERVICE, LOSS OR CORRUPTION OF DATA.

7.2 NOTWITHSTANDING ANY OTHER PROVISION OF THE CONTRACT, IN NO EVENT SHALL THE CONTRACTOR'S AGGREGATE LIABILITY TO

THE CUSTOMER UNDER THIS CONTRACT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR ANY OTHER LEGAL THEORY OR EQUITY, EXCEED THIRTY PERCENT (30%) OF THE CONTRACT PRICE.

7.3 The Contractor shall not be liable for any work carried out by the Customer, Customer's Primary Service Technician(s), or by any third party, even though carried out under the direction or supervision of, with assistance from, or vetted by the Contractor's personnel or Technical Advisor(s). The Customer shall bear the risk of loss of its equipment and other goods in connection with the Service Work, even if such equipment or goods are in facilities used by the Contractor.

7.4 The Contractor shall not be liable for any harm, injury or damages due to or arising in connection with: (1) limited, inaccurate, or insufficient visibility, information or situational awareness where the Service Work is performed remotely; (2) software provided by the Customer; (3) monitoring, digital and/or cybersecurity-related systems other than those provided by the Contractor; or (4) improper service work, installation or alterations carried out by the Customer on any monitoring, digital and/or cybersecurity-related systems. "Improper service work" is any act or failure to act which contradicts the OEM recommended maintenance, configuration and advisable operations resulting in detrimental reliability or increased possibility of failure.

8. INSURANCE

Each of the Contractor, the Customer, and any Customer subcontractor providing Primary Service Technician(s) to Customer, shall at its own cost provide for and maintain comprehensive insurance coverage to protect its own property and personnel and cover its general liability.

Each party shall obtain a waiver of all rights of recourse and subrogation against the other party from its insurers as well as indemnify and hold the other party harmless for all claims of or by either of the parties' insurers.

9. FORCE MAJEURE AND OTHER EXCUSABLE DELAYS

9.1 Neither the Contractor nor the Customer shall be liable for any failure or delay in performing its obligations hereunder, or for any loss or damage resulting therefrom, caused by, or arising from an event of force majeure ("Force Majeure"). Force Majeure means any events or circumstances (whether foreseen or unforeseen) which are beyond the reasonable control of the Party affected, and includes without limitation acts of God, wars whether declared or not, any events involving armaments of war, civil wars and riots, hostilities, public disorder, acts of terrorism and severe threat of terrorism, cyber incidents, any measures taken by public authorities in connection with threat of terrorism, embargos and import or export restrictions, acts of civil or military authorities, any lawful or unlawful restrictions and actions of any public authority or government, sanctions, boycotts, fire, flood, accidents, strikes, failure of a subcontractor or sub-supplier of the Contractor to provide manpower, materials or goods caused by an event that qualifies under this Clause 8.1, shortage of transportation, the imposition of transport restrictions or customs clearance problems, epidemics, unusually severe weather affecting either party, or causes beyond their control.

9.2 Once a Party is aware that its performance under the Contract is affected by Force Majeure, the affected Party shall, without undue delay, give written notice to the other Party briefly setting out relevant details of the delay.

9.3 If the Service Work cannot be commenced as agreed due to reasons attributable to the Customer or because of Force Majeure, or is interrupted by Force Majeure or for other reasons not attributable to the Contractor, the costs for maintaining personnel at or near the work site (including, without limitation, wages and lodging) will be borne by the Customer. If the interruption continues for more than one week, the Contractor may, at its own discretion, withdraw such personnel to their home location or another reasonable location. All expenses in relation to such withdrawal and/or subsequent return shall be borne by the Customer. All reasonable additional costs incurred by the Contractor because of the suspension and any subsequent resumption or completion of the Service Work shall be reimbursed by the Customer.

9.4 If the period of suspension exceeds two (2) months, either party may terminate the Contract by three (3) days' notice in writing to the other party without prejudice to the rights of either party up to the date of termination. Any termination because of Force Majeure shall not affect a Party's right to receive payment in respect of all costs incurred, as at the date of the termination notice, in pursuit of its obligations.

10. SECURITY AGREEMENT

To the extent permitted by law, the Customer hereby grants to the Contractor a lien on and a continuing security interest, and when applicable a maritime lien for necessities, in and to all equipment, parts and components upon which the Service Work is performed and all products and proceeds derived from the sale or lease thereof as security for the payment in full of such Service Work. The Customer hereby waives all claims, defences, and causes of action that the Customer may have in connection with the exercise of any such lien rights by the Contractor.

11. CUSTOMER'S ADDITIONAL PERFORMANCE OBLIGATIONS

The Customer shall comply with all laws, rules, and regulations applicable to the performance of the Service Work. The Customer shall provide or secure for the Contractor, at no cost, all the following facilities, rights and services which must be in English or another language acceptable to Contractor's personnel, and of sufficient type, quality and/or quantity for the Contractor's performance of the Service Work, unless otherwise agreed in writing by the parties:

11.1 Ancillary manpower equipped with appropriate tools (such as drills and hand lamps), heavy duty hoisting and transport facilities along with the

necessary fuel, lubricants, water, electricity, compressed air and cleaning facilities for the Contractor's performance of the Service Work;

11.2 Heated and/or air-conditioned facilities with available drinking water for the Contractor's personnel near the work site as follows:

- (a) service storage sheds with locks, equipped with shelves and bins for tools, equipment and supplies of the Contractor's personnel;
- (b) changing rooms, provided with locks, toilet and washing facilities for the use of the Contractor's personnel; and
- (c) furnished offices with locks, equipped with telephones, facsimile, internet, and other communication requirements of the Contractor's personnel.

11.3 Heated and/or air-conditioned boarding and lodging facilities for the Contractor's personnel that must:

- (a) be safe, secure, clean, and free of health risks;
- (b) have a satisfactory level of comfort and privacy, allowing for a good rest;
- (c) have a toilet and shower, with privacy, located near the cabin or the lodging facility;
- (d) have freedom to access leisure or social activities after work
- (e) have access to internet;
- (f) lodge a maximum of 2 persons per cabin or room, without "Hot bedding", and clean laundry provided at regular intervals; and
- (g) have choice of hot meal.

11.4 Assistance requested by the Contractor with the customs formalities required for the import and export of the Customer's parts and Contractor's equipment and tools, free of all duties and taxes.

11.5 Assistance to ensure that the Contractor's personnel obtain visas and any other official entry, exit, residence or working permits that may be required by the country of the work site including free ingress to and egress from the work site;

11.6 Information concerning: (i) the local laws and regulations applicable to the Service Work; (ii) any dangerous conditions or unusual risks that may be encountered in the Customer's country, at the work site or in the use of any equipment or tools provided by the Customer; and any information about specific conditions at the work site that the Contractor may reasonably request.

11.7 Additional safety or accommodation measures reasonably requested by the Contractor, as may be specified in bulletins or minimum work site safety and accommodation requirements for its personnel published by Contractor from time to time;

11.8 Any reasonable assistance from Customer's employees and subcontractors as needed for Contractor to perform its Service Work; and

11.9 The right to access the location where the Service Work will be performed, including securing such right from 3rd parties if the premises are owned or controlled by a 3rd party (such as a shipyard), without the need for Contractor to undertake any additional obligations or liabilities beyond this Contract as a precondition to access.

11.10 In the event the Customer is unable or unwilling to provide a facility, right or service specified in this Clause 11, the Contractor may, at its option, terminate or suspend the Contract without liability to the Customer, or itself secure such facility or service at the expense of the Customer.

12. ENVIRONMENTAL, HEALTH AND SAFETY RESPONSIBILITIES

12.1 The Customer shall maintain safe working conditions at the work site, including, without limitation, implementing appropriate procedures regarding arsenic, asbestos, lead or any other waste material or hazardous substances as defined by any legislation or international convention relevant or applicable to the Service Work provided ("Hazardous Materials") and confined space entry affixing labels or plates containing warnings and/or safety and operation procedures and instructions as required by applicable laws and regulations. Moreover, the Customer shall be responsible for coordinating with other contractors working at the work site to avoid conflict, hazards or interference with the Service Work performed by the Contractor. If the Service work will be performed in a work site where other potentially conflicting activities are executed at the same time, the Customer shall implement sufficient measures to ensure health and safety for all parties.

12.2 The Customer shall timely advise the Contractor in writing of all health, safety, security and environmental requirements procedures and instructions applicable at the work site. Without limiting the Customer's responsibilities under this Clause 12, the Contractor has the right, but not the obligation to, from time to time, review and inspect applicable health, safety, security and environmental documentation, procedures, and conditions at the work site.

12.3 If, in the Contractor's reasonable opinion, the health, safety, welfare or security of personnel or the work site is, or is apt to be, imperilled by security risks, terrorist acts or threats, the presence of or threat of exposure to Hazardous Materials or unsafe working conditions or environment (whether or not specific to the site), the Contractor and his representatives have the same responsibility and authority as the Customer to stop the Service Work. The Contractor may, in addition to other rights or remedies available to it, (i) evacuate some or all its personnel from the work site, (ii) suspend performance of all or any part of the Contract, and/or (iii) remotely perform or supervise the Service Work. Any such occurrence shall be considered an excusable event without any liability to the Contractor. The Customer shall reasonably assist in any such evacuation. All reasonable additional costs incurred by the Contractor because of the suspension and any subsequent resumption or completion of the Service Work shall be reimbursed by the Customer.

12.4 Operation of the Customer's equipment is the responsibility of the Customer. The Customer shall ensure sufficient safety measures and

procedures are followed, when implementing the Contractor's instructions or advice.

12.5 The Contractor has no responsibility or liability for the pre-existing condition of the Customer's equipment or the work site. Prior to the Contractor starting any work at the work site, the Customer will provide documentation that identifies the presence and condition of any Hazardous Materials and/or contaminated substances, elements or waste of any kind that are restricted by applicable laws or regulations, existing in or about the Customer's equipment or the work site that the Contractor may encounter while performing under this Contract.

12.6 The Customer shall disclose to the Contractor industrial hygiene and environmental monitoring data regarding conditions that may affect the Contractor's work or personnel at the work site. The Customer shall immediately inform the Contractor of changes in any such conditions.

12.7 The Customer will make its medical facilities and resources at the work site available to the Contractor's personnel who need medical attention. If there are no medical facilities or resources available, the Customer will assist in bringing the Contractor's personnel requiring medical attention to the nearest available medical facility.

12.8 The Customer represents and warrants to the Contractor and agrees to ensure that the work site, surrounding environment, all equipment provided or otherwise made available to the Contractor's representative in connection with the Service Work rendered in connection with this Contract and all products and equipment serviced or otherwise worked on by the Contractor's representatives in connection with this Contract, shall at all times be safe, suitable and sufficient for the designated tasks, free of Hazardous Materials and/or contaminated substances, risks of infectious disease or outbreak of illness, elements or waste of any kind that are restricted by applicable laws or regulations and hazardous to the health or safety of the Contractor's representatives. If the Customer is in breach of any such representation, warranty or covenant, the Contractor may immediately cease performance under this Contract and the Customer shall be liable for the full amount of the fees due under this Contract for all services provided through the date of such termination.

12.9 The Contractor shall notify the Customer if the Contractor becomes aware of: (i) conditions at the work site differing materially from those disclosed by the Customer; or (ii) previously unknown physical conditions at work site differing materially from those ordinarily encountered and generally recognized as inherent in Service Work of the character provided for in the Contract; or (iii) work assignment extends beyond the acceptable limit of twelve (12) hours or the applicable legal limit of work hours, whichever is shorter, in a single work shift. If any such conditions cause an increase in the Contractor's cost of, or the time required for, performance of any part of the Service Work under the Contract, an equitable adjustment in price and schedule and the Contractor's rest cycle shall be made.

12.10 If the Contractor encounters Hazardous Materials in the Customer's equipment or at the work site that require special handling or disposal, the Contractor is not obligated to continue Service Work affected by the hazardous conditions. In such an event, the Customer shall eliminate the hazardous conditions in accordance with applicable laws and regulations so that the Contractor's Service Work under the Contract may safely proceed, and the Contractor shall be entitled to an equitable adjustment of the price and schedule to compensate for any increase in the Contractor's cost of, or time required for, performance of any part of the Service Work. The Customer shall properly store, transport, and dispose of all Hazardous Materials introduced, produced, or generated during the Contractor's Service Work at the work site. The Customer shall be responsible for all costs and expenses related to the management, handling, clean-up, removal and/or disposal of all Hazardous Materials and/or contaminated substances, elements or waste of any kind as defined by applicable laws and regulations or applicable to the Service Work supplied.

12.11 The Customer shall indemnify the Contractor for any and all claims, damages, losses, fines, penalties and expenses arising out of or relating to any unsafe working conditions, hazardous conditions, Hazardous Materials and/or contaminated substances, elements or waste of any kind that are restricted by applicable laws or regulations which are or were: (i) present in or about the Customer's equipment or the work site prior to the commencement of the Contractor's Service Work; (ii) improperly handled or disposed of by the Customer or the Customer's employees, agents, contractors or subcontractors; or (iii) brought, generated, produced or released on the work site by parties other than the Contractor.

13. CYBERSECURITY PROTECTION

13.1 Unless otherwise agreed, upon delivery of any equipment provided by the Contractor, the Customer shall be solely responsible for system integrations and/or system security engineering for any equipment not provided by the Contractor. It is the Customer's sole responsibility to protect the equipment and its logic-bearing system components (e.g. hardware, firmware, and software hereinafter referred to as the "Critical Components") from any External Cybersecurity Threat or Internal Cybersecurity Threat, including against hardware and software vulnerabilities. In recognition of the foregoing, the Customer agrees and covenants that it shall use the degree of care appropriate to prevent unauthorized access, use, or hacking of the Critical Components provided in connection with any equipment provided by the Contractor and shall do so in a manner that is no less rigorous than any recommendations provided by the Contractor and accepted industry practices. Contractor is not liable for cyber incidents or breaches, any unauthorized access, interference, intrusion, leakage and/or theft of data or information within Customer's Information Technology (IT) or Operational

Technology (OT) systems. If either party becomes aware of any IT or OT security breach or cyber incident that impacts either party's ability to perform its duties relevant to the scope of work under the Contract, that party shall notify the other party without undue delay.

13.2 "External Cybersecurity Threat" is any threat, act, attack, or other incident which negatively affects the reliable workings of any equipment provided by the Contractor, which originated outside of the physical site housing such equipment.

13.3 "Internal Cybersecurity Threat" is any threat, act, attack, or other incident which negatively affects the reliable workings of any equipment provided by the Contractor, which originated inside of the physical site housing such equipment.

14. DUTIES, TAXES AND FEES

The Customer shall pay, where applicable, all duties, withholding and other taxes, customs fees and charges and all charges and fees by a classification or inspection society. All such documentation or approvals which are required by applicable laws, and any applicable modifications of such laws, shall be the responsibility of and paid by the Customer.

15. EXPORT CONTROLS AND TRADE SANCTIONS

15.1 The parties agree that the Service Work shall be provided subject to all applicable export controls, sanctions or restrictions imposed on services and goods by any country or organization or nation which are enforceable in the jurisdiction of the Contractor, its affiliates or parent company, including the Contractor's country, the United Nations, the European Union, and the United States of America. The Customer acknowledges that the Service Work, any parts, or components, and all related technical information, documents and materials may not be imported or exported, re-exported, transhipped, traded, diverted, or transferred, directly or indirectly, contrary to such controls, sanctions, or restrictions.

15.2 Upon request by the Contractor, the Customer shall furnish the Contractor with all the relevant certificates relating to export control laws, regulations, sanctions, and restrictions.

15.3 The Contractor has no liability resulting from any delay, cancellation or amendment of the Service Work resulting from export controls, sanctions, or other applicable restrictive measures.

16. GOVERNING LAW AND ARBITRATION

16.1 The Contract shall be governed by and interpreted in accordance with the laws in force at the registered office of the Contractor, excluding the conflict of law rules applicable in such jurisdiction. Any controversy, claim or dispute between the parties hereto shall be submitted to the International Court of Arbitration of the International Chamber of Commerce for final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said Rules. The arbitration proceedings shall be in the English language and shall take place in Paris, France.

16.2 Nothing contained in this Clause shall preclude the Contractor from bringing legal action or proceeding against the Customer for purposes of enforcement, injunctive relief or interim or remedial measures in the courts of any jurisdiction where the Customer or any of its property or assets may be found or located, and the Customer hereby irrevocably submits to the jurisdiction of any such court.

17. DATA PROTECTION

Contractor's personal data processing activities are set out in Contractor's Privacy Notice which is available at: <https://www.wartsila.com/legal-privacy/privacy> and incorporated herein by reference. The parties agree that in relation to any personal data shared between them, unless otherwise provided in the General Data Protection Regulation (EU 2016/679) ("GDPR"), or agreed between the parties, both are acting as data controllers as described in GDPR.

18. ENTIRE AGREEMENT

These Conditions, plus the additional agreed upon terms of the Contract (relating only to price, time and location for performance, and technical specifications and scope of Service Work to be performed) contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter. The sale of any parts purchased from the Contractor by the Customer shall be in accordance with the Contractor's General Terms and Conditions – Parts (latest version then in effect). If a provision of these Conditions is at variance with necessary requirements of applicable law, then these Conditions shall be deemed to be amended to the minimum extent necessary to comply with such applicable law. No terms, conditions, representations, warranties, or covenants contained in any correspondence, catalogue, or in any other form shall be applicable unless incorporated herein by express written agreement of the parties hereto.



ATTACHMENT B

Cost Summary

The following is a breakdown of contractor and GPA costs based on the Wartsila proposal on Attachment A and the conditions noted within this proposal offer.

Description	2 unit parts and OH		1 Unit Parts & OH	
1 Wartsila Quote (Parts & Labor)				
1 engine	USD	202,259.00	USD	202,259.00
1 engine	USD	202,259.00		
1 engine				
Offer for Turbocharger Parts for 2 units Turbocharger	\$	64,213.33	\$	32,106.67
Hardware For Upgrading 701 and Load Sensing - 2 x 2301E Electronic Load Sharing and Speed	\$	33,333.33	\$	16,666.67
Spare Parts: 300887267	\$	584,598.38	\$	292,699.19
Spare parts for 2 EGB-58P (OH Kit and Driveshaft)	\$	3,200.00	\$	1,600.00
Transportation of Governor	\$	1,320.00	\$	660.00
Overhauling of 2 EGB-58P Governor Units	\$	7,000.00	\$	3,500.00
Transportation of 5 Units Turbocharger	\$	30,000.00	\$	12,000.00
Travel Related Cost - Refer to Breakdown	\$	243,350.00	\$	147,940.00
Subtotal - Wartsila Quote (parts & labor)	\$	1,371,533.04	\$	709,431.53
Total - Wartsila Quote (parts & labor) + Admin/GRT	\$	1,443,716.82	\$	746,768.91
2 Additional Costs & Contingency				
Transportation from Airport to NBG estimate	\$	6,000.00	\$	3,000.00
Power supply for 2 units 125AC to 24DC estimate	\$	3,000.00	\$	1,500.00
40 ft container rental/purchase for parts storage estimate	\$	6,000.00	\$	6,000.00
Contingency for additional scope, currency conversion adjustment, labor costs adjustment, actual cost adjustments	\$	217,162.13	\$	112,015.34
Subtotal - Additional Costs & Contingency	\$	232,162.13	\$	122,515.34
Subtotal - Additional Costs & Contingency + Admin/GRT	\$	244,380.82	\$	128,963.32
3 GPA Labor & Contingency				
GPA Labor Estimate	\$	101,729.41	\$	50,864.71
Contingency for scope/schedule adjustment	\$	10,172.94	\$	7,629.71
Subtotal - GPA Labor & Contingency	\$	111,902.36	\$	58,494.41
GRAND TOTAL	\$	1,800,000.00	\$	934,226.64

ATTACHMENT C

Schedule Sample

Schedule Sample

The following is a sample schedule for project with a start date of Oct. 1, 2024. For two engines the work should complete by May 2025.

ID	Task Mode	Task Name	Duration	Start	Finish
0		OROTE Power Plant Major Maintenance	274 days	1 October 2024	2 July 2025
1		1 Order Confirmation	1 day	1 October 2024	2 October 2024
2		2 Processing of downpayment invoice	1 day	2 October 2024	3 October 2024
3		3 Customer downpayment	7 days	3 October 2024	10 October 2024
4		4 Spare Parts	168 days	10 October 2024	17 March 2025
5		4.1 Order processing	1 day	10 October 2024	11 October 2024
6		4.2 Delivery DAP Guam	5 mons	11 October 2024	10 March 2025
7		4.3 Customs processing and delivery at site	7 days	10 March 2025	17 March 2025
8		5 Personnel Preparation	77 days	10 October 2024	26 December 2024
9		5.1 Submission of list of personnel	1 day	10 October 2024	11 October 2024
10		5.2 Invitation letter Guam Power	1 day	11 October 2024	12 October 2024
11		5.3 Visa Processing	45 days	12 October 2024	26 November 2024
12		5.4 NAVFAC badge	30 days	26 November 2024	26 December 2024
13		6 Mobilization	2 days	15 March 2025	17 March 2025
14		7 Unit no. 1 Major Maintenance	35 days	17 March 2025	21 April 2025
15		8 Unit no. 2 Major Maintenance	35 days	21 April 2025	26 May 2025
16		9 Unit no. 3 Major Maintenance	35 days	26 May 2025	30 June 2025
17		10 De- Mobilization	2 days	30 June 2025	2 July 2025

This gantt chart is based on the original scope in the proposal. In case of additional service not included in the original scope of works and supply of parts completion will extend according to availability of parts and duration of additional scope.

Enclosure 2

**Guam Consolidated Commission on Utilities Resolution No. FY2024-30 Relative
to the Approval of the Repair and Overhaul of the Navy-owned Orote Powerplant
27 August 2024**



RESOLUTION NO. FY2024 - 30

**RELATIVE TO APPROVAL OF THE REPAIR AND OVERHAUL
OF THE NAVY-OWNED OROTE POWERPLANT**

WHEREAS, Guam Power Authority (GPA) and Commander, Joint Region Marianas (CJRM), renewed the Inter-Governmental Support Agreement (IGSA) for another 10- year period in June 2023 for the purpose of providing each other with mutual assistance of electrical power goods and support services; and

WHEREAS, CJRM has requested GPA to assist with the repair and overhaul services for the Orote Power Plant located on Naval Base Guam (NBG); and

WHEREAS, the Orote Power Plant consists of three 6.8MW Wartsila diesel engines; and

WHEREAS, the diesel engines were recently assessed by Wartsila and Navy has justified use of the original equipment manufacturer (OEM) to provide the repair and overhaul services; and

WHEREAS, GPA requests for approval of up to \$3M based on an initial estimate for all work related to the Orote Power Plant which is a reimbursable cost to GPA under the IGSA from Navy that will not produce an increased revenue requirement and as such notice shall be provided to the Guam Public Utilities Commission under its contract review protocol; and

WHEREAS, presently two diesel engines at the Orote Power Plant are operational and have provided support to the Island Wide Power System during GPA generation capacity shortfalls and is a critical capacity reserve resource until the Ukudu Power Plant is commissioned in September 2025; and

WHEREAS, Navy has requested to expedite this service to ensure power supply to the Naval Base Guam at all times especially after typhoons.

NOW, THEREFORE, BE IT RESOLVED, by the Consolidated Commission on Utilities, as follows:

- 1 1. GPA is approved to contract Wartsila, to provide repair and overhaul services on the
2 Orote Power Plant which shall be reimbursed by Navy under the IGSA.
3 2. GPA shall notify the PUC of the contract as required by the contract review protocol.
4

5 **RESOLVED**, that the Chairman certifies and the Board Secretary attests to the adoption
6 of this Resolution.

7 **DULY AND REGULARLY ADOPTED AND APPROVED THIS 27TH DAY OF**
8 **August, 2024.**

9 Certified by:

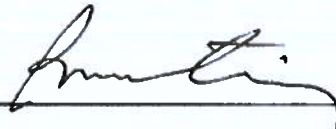
10 
11 _____

12 **JOSEPH T. DUENAS**

13 Chairperson

14 Consolidated Commission on Utilities

Attested by:



PEDRO ROY MARTINEZ

Secretary

Consolidated Commission on Utilities

15
16 **I, Pedro Roy Martinez, Secretary for the Consolidated Commission on Utilities (CCU), as**
17 **evidenced by my signature above do certify as follows:**

18 **The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular**
19 **meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held**
20 **at a place properly noticed and advertised at which meeting a quorum was present and the**
21 **members who were present voted as follows:**

22
23 Ayes: 4

24 Nays: 0

25 Absent: 1

26 Abstain: 0

27 **///**



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



CONTRACT REVIEW PROTOCOL FOR)
GUAM POWER AUTHORITY)

) ADMINISTRATIVE
) DOCKET

ORDER

Pursuant to its authority under 12 GCG Section 12004, the Guam Public Utilities Commission [PUC] establishes the following protocol to identify and review regulated contracts and obligations of Guam Power Authority [GPA]:

1. The following GPA contracts and obligations shall require prior PUC approval under 12 GCA 12004, which shall be obtained before the procurement process is begun:
 - a) All capital improvement projects (CIP) in excess of \$1,500,000 whether or not a project extends over a period of one year or several years; provided, however, that no regulatory review shall be required for blanket job orders and line extensions.
 - b) All capital items by account group, which in any year exceed \$1,500,000;
 - c) All professional service procurements in excess of \$1,500,000;
 - d) All externally funded loan obligations and other financial obligations such as lines of credit, bonds, etc. in the excess of \$1,500,000 and any use of said funds;
 - e) Any contract or obligation not specifically referenced above which exceeds \$1,500,000, not including individual contracts within an approved CIP or contract;
 - f) Any internally funded procurement in excess of a CIP expenditure ceiling, which PUC shall establish on or before November 15 of each fiscal year.
 - g) Any agreement to compromise or settle disputed charges for services by GPA, when the amount of the waived charges would exceed \$1,500,000.
2. For contract that involve the receipt by GPA of revenues or reimbursement of costs in excess \$1,500,000, the following procedure will apply:
 - a) GPA is permitted to evaluate the contract without PUC approval;
 - b) Prior to entering into the contract, GPA will provide the following to PUC:

- i) The Consolidated Commission on Utilities [CCU] resolution authorizing the contract.
 - ii) An affidavit from GPA management stating that the contract does not produce an increased revenue requirement with supporting documentation.
 - iii) A narrative description of the contract.
 - c) The contract will be deemed approved unless rejected by PUC within 30 days after an adequate filing [as determined by the ALJ] has been made by GPA pursuant to subparagraph (b).
3. Emergency procurements, which are made by GPA under 5 GCA section 5215, shall not require PUC approval; provided, however that GPA shall file its section 5215 declaration, the governor's written approval of same, and the procurement details, as set forth in paragraph 5(b) below, within 20 days of the declaration. Any emergency procurement funded by other than bond revenues shall be included in the CIP ceiling established under paragraph 1(f).
4. With regard to multi-year contracts:
- a) The term of a contract or obligation (*procurement*) will be the term stated therein, including all options for extension or renewal.
 - b) The test to determine whether a procurement exceeds the \$1,500,000 threshold for PUC review and approval (*the review threshold*) is the total estimated cost of the procurement, including cost incurred in any renewal options.
 - c) For a multi-year procurement with fixed terms and fixed annual costs, GPA must obtain PUC approval if the total costs over the entire procurement term exceed the review threshold. No additional PUC review shall be required after the initial review process, unless GPA desires to amend the pricing terms, in which event GPA shall comply with Protocol section 4 (d) before entering into such an amendment.
 - d) For multi-year procurements with fixed terms and variable annual costs, GPA shall seek PUC approval of the procurement if the aggregate cost estimate for the entire term of the procurement exceeds its review threshold. On each anniversary date during the term of the procurement, GPA will file a cost estimate for the