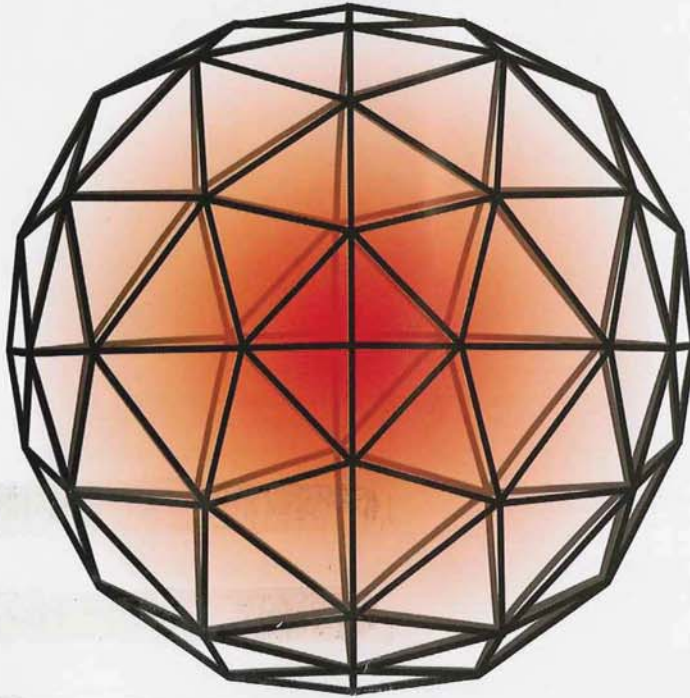


# Turbomachinery INTERNATIONAL

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## ENERGY STORAGE *Is it practical?*



**Choosing  
Third Parties**



**Maintaining  
Aeroderivatives**



**Dan Corwin  
Young & Franklin**

# CHOOSING THIRD PARTIES

## WHY INDEPENDENTS OFFER BETTER CHOICES



*Dave Lucier, Founder and General Manager, PAL Turbine Services, LLC, says that the turbine owner-operator has plenty of options to choose from.*

It is understandable that new owners and operators of gas turbines and generators turn to the OEM for field engineering services and replacement parts. Once the warranty period ends on new plants, owner-operators are actively pursued by the OEM to agree to what is generally referred to as a Long Term Service Agreement (LTSA) or Contractual Service Agreement (CSA). Not surprisingly, the OEM wants to “lock in” a client to an agreement to provide parts and services for an extended period of time (typically five to ten years into the future).

Uninformed plant owners-operators often agree to these terms, because they are uncertain as to what parts and services are “out there” in the industry and readily available. Furthermore, new clients are often not yet members of user groups (such as the 7EA, 7FA, 6B and CTOTF organizations) that meet frequently to discuss technical problems of mutual concern. Once joining, they attend annual meetings and find out where alternatives exist from members who themselves have been disappointed by the OEM (prices for parts and services often greatly exceed those of competitors). Also, the experience level of the OEM field workforce is frequently not up to the level of senior field engineers that others can provide for technical advice during outages.

Someone once asked me: “Do you compete with the OEM for field engineering services?” I responded this way: Not often do we actually bid against the OEM. What we often find though is that clients have the notion that the OEM is the only legitimate provider of field engineering services and technical training on their models. When they join user groups such as those mentioned above, they quickly learn that there are alternatives to the OEM for parts and services. Oftentimes, users decide to try other providers after they “get burned” by the OEM. Another owner once remarked to me about an OEM: “You can find better but you can’t pay more.” I think that is a common joke around user groups.

As the former manager of the Field Engineering Program in Niskayuna, NY, I know

that the quality of GE’s training can be superior. However, I have a simple formula for success that I like to use when referring to in field work:

Knowledge + Experience = Savvy

When the OEM sends engineers with little applied field experience, it quickly becomes apparent to the client. They feel that by paying “big bucks” to the OEM during the LTSA or CSA they deserve superior service. If they don’t get it, they get miffed. Once burned, twice learned.

There is a good reason why OEMs sometimes fail to meet client expectations. In the 1970s and 1980s, many service engineers were laid off by a major turbine manufacturer. What prompted job eliminations was the opening of a plant in South Carolina in the early 1970s, rather than expanding and modernizing an existing plant in upstate New York. Furthermore, plant closings in two Massachusetts cities, where smaller steam turbines and generators were manufactured, lead to huge layoffs in the 1980s.

Finally, when this manufacturer moved its headquarters to another city and along with it hundreds of jobs, many engineers retired or sought other local employment in their areas of expertise. Some decided to start small companies and compete with the OEM. These companies matured, thrived and continue to offer equivalent replacement parts or senior consulting engineers at more reasonable prices in direct competition with the OEM. The so-called “brain drain” has served clients well when they have sought out alternative service companies.

Word has spread to plant managers through user groups and websites. LTSA and CSA periods have been allowed to expire, because plant managers have found options that are equivalent and often more reasonably priced. Many of these firms have recently sprouted in the Houston, TX area (as was noted in the March/April edition of TMI); however, there are many more service companies based in regions such as upstate New York that preceded by decades those in Texas. Plant managers should continue to find out what else is out there through Google searches. **T**