

**Texas Commission on Environmental Quality  
New Technology Implementation Grant (NTIG) Program  
Quarterly Project Status Report**

**Contract**

**Number:** 582-11-13126-3225

**Grantee:** General Compression

**Report for the  
Monthly period:** Q3 2012 (July-Sept 2012)

**Date  
Submitted:** October 10, 2012

**Section I. Accomplishments**

*Provide a bulleted list of project accomplishments as well as a description of their importance to the project.*

General Compression (“GC”) and project partner ConocoPhillips (“COP”) have established the necessary goals, legal and financial framework, operational responsibilities and staffed a respective team of design engineers, construction managers, consultants and energy executives to plan and successfully complete the scope of work for this grant.

TCEQ issued a contract amendment on September 11, 2012 indicating that all deliverables for Tasks 1-5 must be submitted and approved on or before January 14, 2013, in order to receive this written approval from TCEQ.

**Task 1 –Site Control**

- Submitted revised Site License Agreement on June 14, 2012. The revised SLA enables GC to pursue US tax incentives for the project that must operate for 7 years on the same site. We believe this satisfies the requirements in relation to the extended site access for the project for 7 years.

**Task 2 Updates - Site Permits to Construct and Operate**

- Task 2 TCEQ Approval Letter received by GC on June 12, 12
- Attached pictures of wind turbine location and site





### **Task 3**

#### **Task 3 Updates:**

##### **Wind Turbine Site Prep**

- WT civil works and foundations are complete.
- WT is mechanically complete; pending mechanically complete certification from RES Americas.  
WT will be energized on October 13, 2012.
- WT mechanically complete certification is expected to be received on October 13, 2012.
- The underground collection system, power station and interconnection works are currently being commissioned and will be complete October 13, 2012.
- Task 3 approval pending on completion of WT Site Prep. We will be submitting the above upon completion, as part of Task 3 deliverables for *Site Prep*

#### **Task 3 Deliverables:**

We will furnish the WT mechanically complete certification and WT related specs once they are complete.

#### **Task 4 – 1000 hrs of Design Operation**

##### **Task 4 Updates:**

- Gains: 3 Phases of contamination cleaning (flushing) that caused the delays are 100% complete.
- The reassembly of the GCAES ASP Unit 1 completed September 28, 2012.
- The GCAES ASP Unit 1 re-calibration and commissioning phase has begun.
- The commissioning schedule to complete November 23, 2012
- 50 Hours of ASP Unit 1 operation is expect to be achieved by Jan 15, 2013.

- The POC Watertown commercial demonstrator endurance testing has achieved 810 testing hours. The Proof of Concept (“POC”) unit testing is ongoing and will continue until the remaining 140 hours are met. POC Testing will be complete by the end of December 2012.

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### **Task 5 – Finalize Commercial Design**

#### **Task 5 Updates**

- GCAES ASP Unit 2 “Kelvin” design is complete and was submitted as *Confidential/Proprietary: inform applicant & seek AG opinion before releasing* on March 28, 2012. GC received TCEQ approval for Task 5 on May 15, 2012.

### **Task 6 – Procure, Build and Install Commercial GCAES Unit and Wind Turbine**

#### **Task 6 Updates**

- RES Americas is the project’s designated wind EPC and has completed procurement, installation, and is currently in the final stages of commissioning the WT for operation.
- GC Supply Chain team continues to finalize vendor selection and has initiated procurement of ASP Unit 2 “Kelvin” components.
- Based on our current supply chain procurement schedule, General Compression will be requesting a 6 month extension of the TCEQ contract to ensure that Task 6 deliverable will be completed within the approved contract period.

## **Section II: Problems/Solutions**

Problem(s) Identified: Report anticipated or unanticipated problem(s) encountered and its effect on the progress of the project.

1. In April 2012, during the commission process, ASP Unit #1 experienced a hydraulic pump failure caused by hydraulic contamination.
2. The Proof of Concept (“POC”) unit **testing** hours experienced a delay because of a required upgrade and installation of a new large vessel seal design.

**Proposed Solution(s):** Continue to report any possible solution(s) to the problems that were considered/encountered

#### **GC Solutions:**

1. To address the hydraulic contamination, ASP Unit 1 underwent a 3 phase cleaning process and all pumps were cleaned and rebuilt. This process took 5 months and concluded the end of August 2012.
2. To make up the time lost during the scheduling delay, the POC Watertown commercial demonstrator endurance testing ran double shifts and is now more than 85% completed; the unit has achieved 810 of operating hours thus far.

and is expected be complete by December 2012.

GC will continue to present a best and worst case timeline based on the project development milestones to TCEQ as new information is made available.

**Section III. Goals and Issues for Succeeding Period:**

Provide a brief description of the goal(s) you hope to realize in the coming period and identify any notable challenges that can be foreseen:

- a) Actively working toward completing Task 3 (Wind Site Prep) and Task 4 (testing hours) before receiving the Notice to Proceed to pursue Tasks 6 and Task 7.
  
- b) GC will continue to host conference calls with the TCEQ Grant Management Team in order to provide updates on the project timeline and plan regarding the Wind Turbine integration, 1000hr of endurance testing, timing on ASP Unit 2; and the “Kelvin” (TCEQ Funded Unit) project completion date.

*David Marcus* – President

*Date:* October 10, 2012

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*Authorized Project Representative's Signature*