DEPARTMENT OF THE NAVY
NAVAL SURFACE WARFARE CENTER
PHILADELPHIA DIVISION
5001 SOUTH BROAD STREET
PHILADELPHIA PA 19112-1403

IN REPLY REFER TO:

J&A No. 0231-24-234-00
Code 0231
PID No. N64498-23-RFPREQ-PD-42-0115

CLASS LIMITED SOURCES JUSTIFICATION AND APPROVAL FOR USE OF OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity

The Naval Sea Systems Command, Naval Surface Warfare Center, Philadelphia Division (NSWCPD), Code 0231.

2. Description of the Action Being Approved

Award of a Firm-Fixed-Price (FFP), Indefinite-Delivery, Indefinite-Quantity (IDIQ) Multiple Award Contract (MAC) on a limited sources basis to General Electric (GE) Level IV licensed maintenance and overhaul providers, for the procurement of depot-level overhaul services for:

1. U.S. Navy LM2500 Single Shank Turbine (SST) Gas Generator (GG), National Stock Number (NSN) 2835-01-237-1153
2. U.S. Navy LM2500 Paired Blade Turbine (PBT) GG, NSN 2835-01-032-9125
3. U.S. Navy LM2500 Power Turbine Assembly (PTA), NSN 2835-01-032-9124
4. U.S. Navy LM2500+ GG, NSN 2835-01-537-8291
5. U.S. Navy LM2500+ PTA, NSN 2835-01-535-2318

Authority to act under this Class Justification and Approval (CJ&A) expires five (5) years after award of the MAC.

3. Description of Supplies/Services

The U.S. Navy LM2500/LM2500 + Marine Gas Turbine Engine (MGTE) is a marine derivative of GE's well-established CF6-6 aero gas turbine engine. The U.S. Navy LM2500/LM2500+ MGTE is comprised of two mating components: the GG and the PTA. The U.S. Navy LM2500/ LM2500+ MGTE series is the main propulsion engine for the following U.S. Navy ship classes: CG-47, DDG-51, LCS Independence Variant, LHD-8, LHA-6AF, and FFG-62. This series of engines was selected on the basis of meeting ship propulsion power performance specifications including, but not limited to, power output, power-to-weight ratio, and physical footprint. These MGTEs are managed using a rotating spares methodology that involves engine component repair and replacement ability, identifying bottlenecks in the repair schedule, successful engine performance tests, and providing timely, defect-free engines to the operator to ensure all assets are interoperable with the various ship configurations fielded. The life cycle management of the U.S. Navy LM2500/

LM2500+ MTGE series is accomplished outside of the major program acquisition offices to maximize, to the extent possible, a common engine configuration usable across all hull types.

The proposed acquisition will provide for depot-level overhaul and repair of the assets listed in Table 1.

Table 1: Assets for Depot-Level Overhaul

Asset Nomenclature	NSN	Applicable Technical Manual
U.S. Navy LM2500 SST GG	2835-01-237-1153	NAVSEA Technical Manual S9234-AB-MMD-010 thru 060/LM2500, latest revision
U.S. Navy LM2500 PBT GG	2835-01-032-9125	NAVSEA Technical Manual S9234-AB-MMD-010 thru 060/LM2500, latest revision
U.S. Navy LM2500 PTA	2835-01-032-9124	NAVSEA Technical Manual S9234-AB-MMD-010 thru 060/LM2500, latest revision
U.S. Navy LM2500+ GG	2835-01-537-8291	General Electric (GE), Original Equipment Manufacturer (OEM) commercial repair manuals, latest revision
U.S. Navy LM2500+ PTA	2835-01-535-2318	GE, OEM commercial repair manuals, latest revision

The services being procured involves engine component repair and replacement ability, identifying bottlenecks in the repair schedule, successful engine performance tests, and providing timely, defect-free engines to the operator. The U.S. Navy LM2500 GG and PTA are used as main propulsion drivers on the CG-47, DDG-51 and LCS Independence Variant Class of surface ships. The U.S. Navy LM2500+ GG and PTA are used as main propulsion drivers on the LHD-8, LHA-6 and LHA-7 amphibious assault ships.

Previously, the services for the U.S. Navy LM2500 SST GG were competitively procured via FFP Contract No.'s N6449820D4007 and N6449820D4008, awarded on 30 April 2020 to Air New Zealand Gas Turbines (ANZ) and Maintenance Berlin-Brandenburg GmbH (MTU) respectively, for a Cumulative MAC maximum amount of $70,000,000.

The U.S. Navy LM2500 PBT GG was competitively procured via FFP Contract No.'s N6449819D4028 and N6449819D4029, awarded on 11 July 2019 to ANZ and MTU respectively, for a cumulative MAC maximum amount of $70,000,000.

The U.S. Navy LM2500 PTA was competitively procured via FFP Contract No.'s N6449821D4042 and N6449821D4043, awarded on 14 May 2021 to ANZ and MTU respectively, for a cumulative MAC maximum amount of $67,590,998.

The LM2500+ GG Repair was awarded via FFP sole source contract No. N6449820P5170 on 12 May 2021 to MTU. The agreement amount is $4,341,182 for commercial depot level repair of one (1) U.S. Navy LM2500+ GG, serial power number GGA-5001.

Individual Streamlined Acquisition Plan with Services ISTRAP-M #0231-24-234-00.2 covers this acquisition.

Budgeted funds will include the appropriations listed in Table 2 below. The total estimated dollar value of the proposed acquisition is $370M. The Government's minimum needs have been verified by the appropriate technical requirement authorities including [redacted], Marine Gas Turbine (MGT) NAVSEA Technical Warrant Holder (TWH).

Table 2: Estimated Dollar Value

Appropriation	FY25-29 Total
O&M,N	$333
FMS	$37
Total	$370M

The procurement will use FY25, Operations and Maintenance, Navy (O&M,N) funding to fully fund the first Task Order(s) at the time of award. The ordering period for this effort will be for five (5) years from the date of award.

The estimated costs above are based upon the maximum quantities of items to be overhauled under this acquisition listed in Table 3 below.

Table 3: Maximum Overhaul Quantities

Item	LM2500 SSTs	LM2500 PBTs	LM2500 PTAs	LM2500+ GGAs	LM2500+ PTAs
Ordering Year 1	8	4	4	2	2
Ordering Year 2	8	4	4	2	2
Ordering Year 3	8	4	4	2	2
Ordering Year 4	8	4	4	2	2
Ordering Year 5	8	4	4	2	2
Estimated Total	**40**	**20**	**20**	**10**	**10**

4. Statutory Authority Permitting Other Than Full and Open Competition

10 U.S.C. 3204(a)(1), "The property or services needed by the agency are available from only one responsible source or only from a limited number of responsible sources and no other type of property or services will satisfy the needs of the agency", as implemented by Federal Acquisition Regulation (FAR) Subpart 6.302-1(a)(2).

5. Rationale Justifying Use of Cited Statutory Authority

GE is the Original Equipment Manufacturer (OEM) of the aero-derivative U.S. Navy LM2500 SST and PBT GGs, U.S. Navy LM2500 PTAs, and U.S. Navy LM2500+ GGs and PTAs. Contractors are required to possess a valid GE Level IV Maintenance and Overhaul Facility licensing agreement in order to service the new OEM parts for the U.S. Navy LM2500 and LM2500+ variants described

herein. GE Level IV depot facilities are the only known responsible sources to repair the U.S. Navy LM2500/LM2500+ variants being procured. GE Level IV depot facilities provide high quality expertise in the full overhaul of the GE LM line of engines.

Each Contractor must have a valid GE Level IV licensing agreement with the OEM, in order to procure required MGT components that are found to be unrepairable following the complete teardown and inspection of each GG and PTA by the Contractor. The U.S. Navy requires that no aftermarket or non-OEM MGT components, be installed in U.S. Navy GGs or PTAs, nor will the OEM make them available to non-GE Level IV licensed Contractors. The U.S. Navy has the capability to verify OEM genuine parts by validating those parts using an Illustrated Parts Breakdown (IPB) Manual issued by the OEM. The manual provides a comprehensive listing of all original parts used in the engine, along with GE part numbers, part history, quantities, and detailed graphics of where the part is used. In addition, GE is the only vendor possessing all the proprietary rights and design details to produce the engine components used in the U.S. Navy LM2500/LM2500+ variants mentioned herein. Thus, GE only makes these parts available to its Level IV licensed facilities for engine repairs. If the proposed acquisition is awarded to a non-GE Level IV maintenance and overhaul commercial depot resulting in aftermarket parts being installed on U.S. Navy LM2500/LM2500+ engines, it brings into question the legitimacy and functionality of the parts being installed. This can have a direct result in diminished performance and reliability of engines being overhauled and thereby reduce the Fleet's capability. Use of non-OEM material or components introduces risk into the main propulsion gas turbine engines used throughout the Fleet.

In addition to parts availability, the GE Level IV licensing agreement ensures that the Contractor utilizes OEM approved repair specifications, repair manuals, service bulletins, and Quality Assurance procedures. The GE Level IV licensing agreement also assures that the Contractor repairs the U.S. Navy LM2500/LM2500+ engines to the manufacturing standards and provides traceability of the pedigree of new parts, repair procedures and performance testing. The OEM, GE, is the only entity that possesses the requisite intellectual property to manufacture or repair these engines. The U.S. Navy does not own rights to this intellectual property.

The Government does not have sufficient technical data to independently certify overhaul Contractors in support of this effort, therefore the MGT NAVSEA TWH considers only authorized GE aero-derivative service providers identified below as the only commercial Contractors technically acceptable as depot overhaul points for the U.S. Navy LM2500/LM2500+ GG's and PTAs:

Name of Vendor	Bus. Size	UEI	Location of Vendor
Hindustan Aeronautics Ltd. (HAL)	Large	GYQ7HJ5P5K68	Bangalore, India
MTU Berlin-Brandenburg GmbH	Large	UWK2S661P9H3	Ludwigsfelde, Germany
Hanwha Aerospace Service (HAS)	Large	K5CSHFKMR8C4	Chongwon, South Korea
TransCanada Turbines Limited (TTC)	Large	RW4BMWYMFHN4	Calgary, Canada
GE-Avio SRL	Large	DNFHD1G8LNW9	Brindisi, Italy
Tusas Engine Industries, Inc. (TEI)	Large	KNCPXFQG4RA4	Esishur, Türkiye

GE further confirms the above listing in a service letter, issued 2 May 2024 which shows that HAL, MTU, HAS, TTC, GE Avio and TEI are the only Level IV license holders authorized to overhaul the U.S. Navy LM2500 engine. Also, the U.S. Navy LM2500+ Level IV license holders are MTU, HAS and TTC. Seeking an alternative to vendors that hold a Level IV license for the LM2500

engine, would add substantial risk to the mission readiness of the US Navy Fleet, since there are currently [redacted] of Ready-For-Issue U.S. Navy LM2500 PBT GG for replacement in the event of an engine failure. Of note, all naval platforms carrying this engine model are deployed or will be deployed in the near future.

The U.S. Navy LM2500 SST's Request for Proposal was issued under N6449820R0001 on an unrestricted basis. The procurement effort resulted in the establishment of MAC program, which consisted of exclusively Level IV licensed holders ANZ and MTU.

The U.S. Navy LM2500 PBT's Request for Proposal was issued under N6449818R4023 on an unrestricted, full and open competition basis. The procurement effort resulted in the establishment of MAC program, which consisted of exclusively Level IV licensed holders ANZ and MTU. Offers received from vendors, which did not hold the Level IV license were ultimately deemed technically unacceptable.

The U.S. Navy LM2500 PTA's Request for Proposal was issued under N6449821R4006 on an unrestricted, full and open competition basis. The procurement effort resulted in the establishment of MAC program, which consisted of exclusively Level IV licensed holders ANZ and MTU.

The U.S. Navy LM2500+'s (GGA-5001) Request for Quote was issued under N6449821Q5020 as unrestricted. This was a new requirement within NSWCPD and MTU, Level IV licensed holder was the awardee.

Thus, these services are deemed to be available only from GE Level IV licensed maintenance and overhaul providers, for the duration of the five (5) year ordering period, as award to any other source would not meet the requirement.

In the interest of enhancing competition amongst contractors that are qualified or becoming qualified to conduct commercial depot level overhaul, the Government is including rolling admissions in this procurement. The Government reserves the right to announce a new competition for the purpose of adding additional IDIQ holders under the U.S. Navy LM2500/LM2500+ MAC Program. Periodically, the Government will assess the quality of performance by each IDIQ holder, the amount of competition achieved, and the current roster of GE Level IV or equivalent approved contractors. Based on these criteria, if it is in the best interest of the Government, the Contracting Officer may announce a new competition to add additional IDIQ holders.

The subsequent request for proposal will include the estimated level of effort remaining under the U.S. Navy LM2500/LM2500+ MAC at time of the announcement. Only one Prime Contract is allowed per company. "Company" includes affiliates and business units as defined in FAR 2.101. Offerors will be required to meet the requirements addressed within in the Rolling Admission RFP; in the event one is issued. The requirements within any future Rolling Admission RFP will be consistent with the requirements addressed within the Solicitation.

6. Description of Efforts Made to Solicit Offers from as Many Offerors as Practicable

After searching several Government databases, with search criteria to include, part number, design control activity, cage code, NSN, nomenclature, criticality coding, recorded approved sources of repair, historical sources of supply, and past contracts, all six (6) of the above Contractors were

identified with the capability of satisfying these services: HAL, MTU, HAS, TransCanada Turbines Limited, GE-Avio SRL and TEI. MTU and TEI currently hold contracts with NSWCPD for the overhaul of various U.S. Navy LM2500 engines.

In accordance with DFARS PGI 206.302-1, a Request for Information/Sources Sought notice was published via SAM.gov on 24 September 2021 and closed on 14 October 2021. Two (2) potential sources, [redacted] and MTU expressed an interest in this procurement via submission of capability statements. As previously stated, MTU is a GE Level IV license holder and currently holds multiple contracts with NSWCPD for overhaul of various U.S. Navy LM2500 engines. [redacted] is a certified Service Disabled Veteran Owned Small Business; however, it does not hold a GE Level IV maintenance and overhaul licensing agreement and is therefore unqualified to perform overhaul of U.S Navy LM2500 engines.

To enhance competition, a "virtual" U.S. Navy LM2500/LM2500+ MGT Industry Day was announced on SAM.gov on 15 February 2023 to generate interest from U.S. Navy LM2500/LM2500+ repair depots that possessed a current GE Level IV maintenance and overhaul licensing agreement. The "virtual" Industry Day brief was released on 20 April 2023 to all GE Level IV licensed repair and overhaul depots located worldwide. Meetings were offered to all GE Level IV depots and conducted with the following to further discuss and address questions: HAL (7 June 2023), TCT (17 May 2023) and TEI (23 May 2023). This market research resulted in receiving interest from MTU, GE Avio, HAL and TEI. At this time, there are no additional known sources capable of fulfilling the Government's minimum need.

In accordance with FAR 5.203(a), a synopsis of this procurement was published via SAM.gov on 18 APR 2024. No sources have responded to the synopsis as of the drafting of this CJ&A on 23 May 2024. This CJ&A will be posted on SAM.gov in accordance with FAR 6.305. All responses received will be evaluated.

7. Determination of Fair and Reasonable Cost

The Contracting Officer has determined the anticipated cost to the Government of the services covered by this CJ&A will be fair and reasonable.

8. Actions to Remove Barriers to Future Competition

All orders issued will be reviewed annually by the Contracting Officer to ensure that GE Level IV licensed maintenance and overhaul providers are still the only companies that can satisfy agency requirements. Orders will only be placed for the repair and overhaul of U.S. Navy LM2500/LM2500+ GGs and PTAs to GE Level IV licensed maintenance and overhaul providers. NSWCPD will continue to monitor the marketplace for any additional sources that are qualified under the GE Level IV maintenance and overhaul licensing agreement. Any sources discovered that can potentially satisfy this specific procurement will be taken into account for any future requirements. Additionally, the resulting MAC will utilize rolling admission (open season) procedures whereby qualified offerors can be added to the program on a periodic basis.

CERTIFICATIONS AND APPROVAL

TECHNICAL AND REQUIREMENTS CERTIFICATION

I certify that the facts and representations under my cognizance which are included in this Justification and its supporting acquisition planning documents, including ISTRAP #0231-24-234-00.2, except as noted herein are complete and accurate to the best of my knowledge and belief.

COMBINED TECHNICAL AND REQUIREMENTS COGNIZANCE:

[redacted] Date

LEGAL SUFFICIENCY REVIEW

I have determined that this Justification is legally sufficient.

[redacted] Date

CONTRACTING OFFICER CERTIFICATION

I certify that this Justification is accurate and complete to the best of my knowledge and belief.

[redacted] Date

NAVY SENIOR PROCUREMENT EXECUTIVE APPROVAL

Upon the basis of the above Justification, I hereby approve, as Navy Senior Procurement Executive (NSPE), the solicitation of the proposed procurement described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 3204(a)(1).

Nickolas H. Guertin Date
Assistant Secretary of the Navy
(Research, Development, and Acquisition)