

Dounreay - The nature of the new contract & how it may impact the DSG.

Presentation to the DSG
13th June 2012

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Agenda

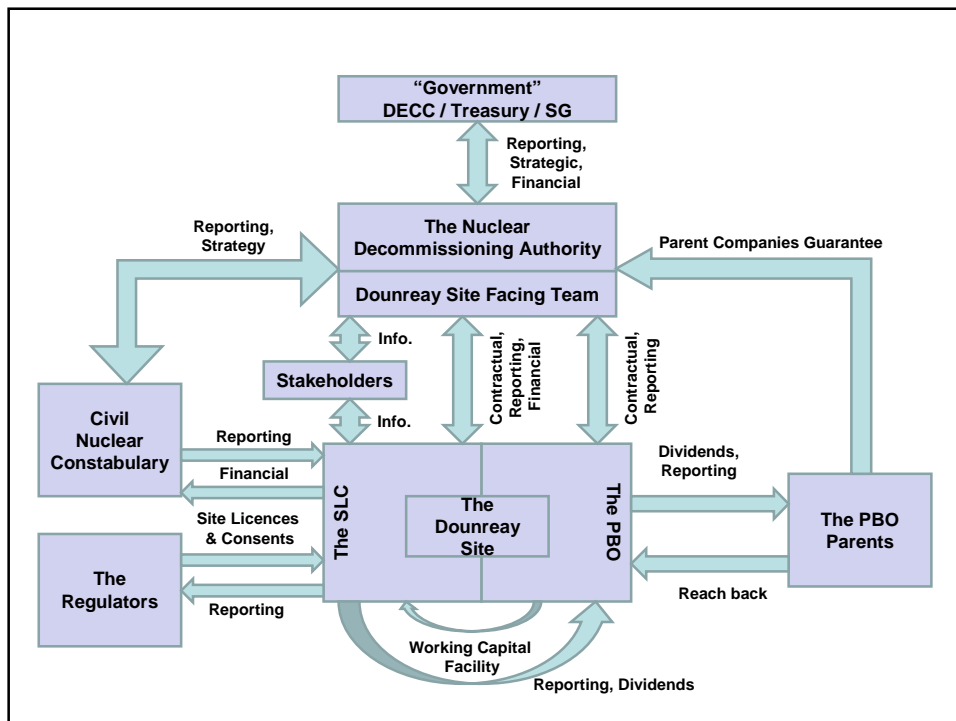
- **Historic Perspective**
- **Types of Contract**
- **The New Dounreay Contract**
- **General NDA Updates**

Historic Perspective

- **Short Term**
 - NDA established late 2004
 - Assess the magnitude of the civil nuclear liability across the UK.
 - It developed site Interim End State (IES) definitions following stakeholder consultations.
 - Early estimate for Dounreay's IES was 2038
 - Estimates & Contracts also put in place for Sellafield and Magnox.
- **Medium Term**
 - NDA planned to revisit the contracts
 - 2009 Tender process for the new Dounreay contract begins
 - Nov 2011 Preferred Bidder Announced
 - April 2012 New contract in force
- **Long Term**
 - Magnox / Sellafield



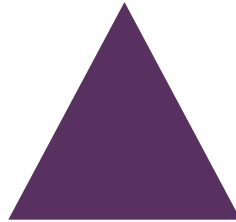
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Three Types of Contract

Cost = Fixed
Risk Division = With Supplier

Fixed Price



Target Cost

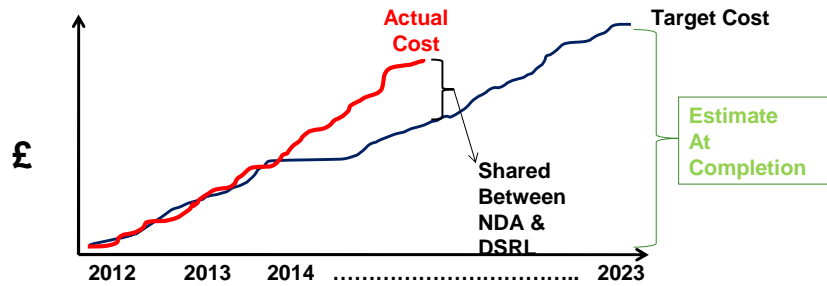
Cost = Target Jointly Agreed & Fixed
Risk Division = Shared

Cost Reimbursable (cost plus)

Cost = Not Fixed
Risk Division = With Customer

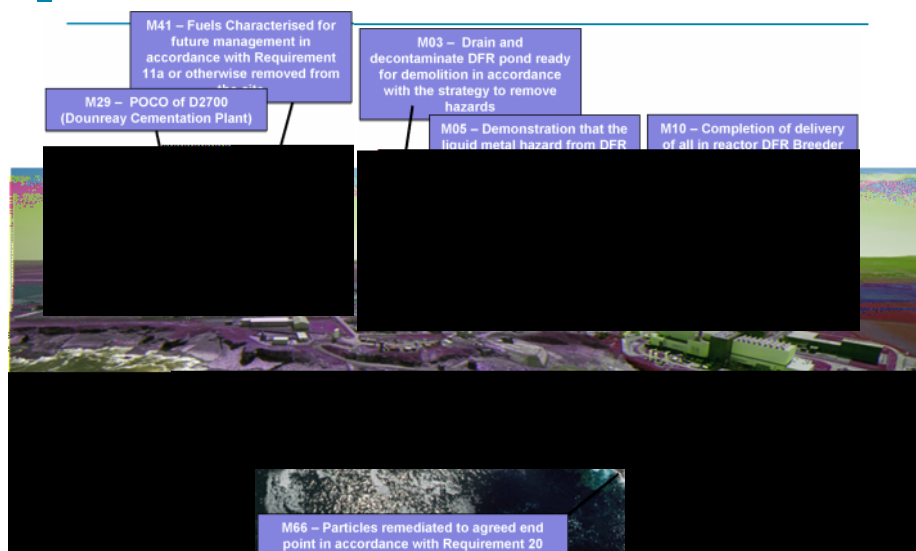
Gain Share / Pain Share (1 of 3)

- We agree a target cost



- Target cost is adjusted for inflation
- Maximum liability and maximum gain is capped
- Actual Cost & Estimate at Completion regularly checked

Cardinal Milestones – Agreed across the life of the contract (2 of 3)



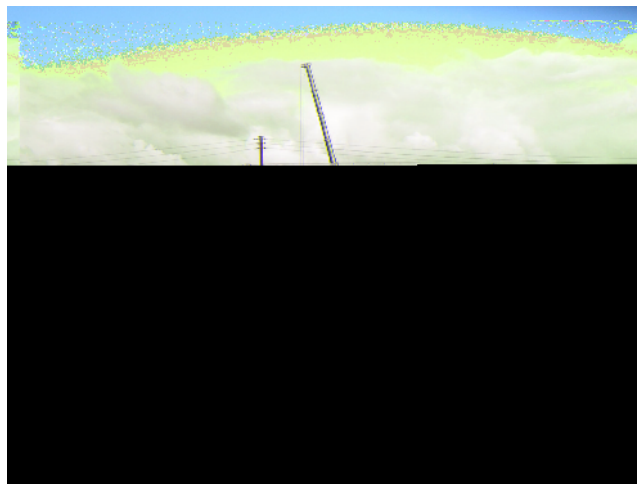
Performance Based Incentives (3 of 3)

- **Designed to drive behaviours**
- **Topics**
 - **Asset Management**
 - **Change Control**
 - **Compliance with NDA Procedures**
 - **Socio Economics**
 - **Project Files**
 - **Assurance**
 - **Balanced Score Card**

Impact of new contract on stakeholders

- New IES : from 2038 to 2023
- Working to a target cost
- Protected funding for Socio Economics
- PBI for Socio Economics
- Contractual requirement for a Socio Economic Plan
 - Produce an annual 3 year socio economic plan
 - Consult stakeholders on the plan

Georgemas Crane



National Nuclear Archive

- **NDA has completed its development of a records management strategy for all civil nuclear sites (i.e. what to archive, how, format, volume etc)**
- **This confirms the need for the NNA.**
- **In line with previous commitments it will be at Wick.**
- **Business case now going through NDA Exec, DECC & Treasury. This will take several months.**
- **In parallel, an application for limited funding was made to ERDF. Should have feedback on whether to proceed further this month.**