



Plan

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PROGRAM CONTRACT MANAGEMENT PLAN

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Program Contract Management Plan

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Revision Summary

Revision Number	Date	Comments
R000	2013-01-31	Initial issue.

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1.0 INTRODUCTION

The Program Contract Management Plan identifies how the major contracts will be defined, managed and controlled throughout the Darlington Refurbishment program.

2.0 PROGRAM CONTRACT MANAGEMENT DESCRIPTION

Contract management is the process that enables all parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It involves building a good working relationship between OPG and the Supplier(s), and continues throughout the life of a contract. Contract management involves active monitoring, managing issues proactively as they arise, anticipating future issues, and incorporates oversight of Suppliers to ensure they are meeting safety, quality and performance requirements.

3.0 PROGRAM CONTRACT MANAGEMENT APPROACH AND STRATEGY

3.1 Roles and Responsibilities

The Nuclear Commercial Development (“**NCD**”) organization ensures contract management are implemented within the Darlington Refurbishment Program as set in N-STD-AS-0029, Contract Management Standard, and N-MAN-09701-10003, Nuclear Contract Management Manual.

Prior to procurement, NCD will coordinate an analysis with each Project Team and relevant stakeholders to develop a “**Contracting Strategy**” which will document the analysis supporting recommendations for the most suitable sourcing approach, contract structure, and pricing mechanism for each major work package.

NCD is responsible for assigning “**Contract Managers**” for the duration of the contract(s) supporting each major work package. The Contract Manager is engaged exclusively with the management of the contract (in support of the Project Manager) and involved in the planning and implementation of the contract.

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3.2 Contracting Strategy

A “**Contracting Strategy**” will be developed for each major work package in accordance with NK38-REP-00150-10001-R001 Darlington Refurbishment Program Commercial Strategy. A comprehensive contracting strategy takes into consideration factors such as the nature and scope of the work, the Supplier marketplace, potential longer term or broader commercial arrangements and results in a recommendation of the procurement approach, contract structure, pricing mechanism and the style and type of management to be adopted for the subsequent contract. The depth of analysis and documentation required for each contracting strategy is based on a graded, risk-based approach, supported by adequate inputs and analysis taking into consideration a set of defined “**Commercial Principles**” established for relationships with third parties. These principles are an integral part of OPG’s ability to demonstrate prudence in our contracting activities.

(a) Accountability

OPG will comply with applicable provincial and regulatory directives regarding commercial relationships. This can be achieved through the development of effective contracting strategies and clearly defined authority, responsibility, and accountability structures for planning and executing all contracts.

(b) Value for Money

OPG will create value by conducting business in a cost effective manner. Value for Money (“**VFM**”), is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase, taking into account OPG internal costs and risks, including operational risks (near and long-term). Effectively balancing the trade-off between cost, quality, and risk is how value for money is achieved.

(c) Fairness & Transparency

OPG will operate in an open and transparent manner. Regular communication by OPG with key internal and external stakeholders including government bodies and officials, federal and provincial regulators, industry peer groups and community leaders is part of being an open and transparent company.

Due diligence on current market conditions and potential key Suppliers is necessary to make every effort to package work in a manner that facilitates competition.

(d) Risk Transfer/Sharing

Allocation of risk to the appropriate party best able to manage the risk will minimize the costs and potential issues associated with managing that risk. Decisions regarding risk allocation and risk premiums are an integral part of a contracting strategy, based on comprehensive analysis.

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3.3 Contract Management

The Contract Manager will provide the commercial leadership to the Project Teams and manage the interpretation and clarification of the contract Terms and Conditions (“T’s & C’s”) to ensure all obligations and compliance with the contract are being met by the OPG and our Suppliers.

The Contract Manager will develop the “Contract Management Plan (“CMP”) for each contract supporting a major work package. The CMP is an internal OPG document containing all the key information about how and who in OPG will manage the contract. It identifies systems and processes to ensure that the Supplier complies with the terms and conditions during the performance of the contract. The CMP is a living document that will continue to be updated throughout the life of the contract

The CMP is unique to each contract although there will be common elements that span different contracts. Higher risk contracts will contain significantly more details in the plans than smaller contracts containing less risk. CMP for each type of contract is developed using a risk-based graded approach appropriate to each type of contract. The CMP will be reviewed on a periodic basis as activities under the contract proceed, when contract changes or amendments are executed, but no less than annually.

Contract execution consists of a range of activities that can be grouped into the following three key areas:

- (a) Service Delivery Management
- (b) Relationship Management
- (c) Contract Administration

All three areas must be integrated and managed successfully for OPG to achieve the intended value of the contract. This means optimising the efficiency, effectiveness and economy of the service or relationship described by the contract, balancing costs against risks and actively managing the relationship. During the contract execution, the Project Team will execute the contract management activities as outlined in the CMP.

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3.3.1 Contract Organization

