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Document Number: NK38-PLAN-09701-10010	Usage Classification: N/A
Sheet Number: N/A	Revision: R002

Title:

DARLINGTON REFURBISHMENT SUPPLY CHAIN MANAGEMENT PLAN

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Darlington Refurbishment Supply Chain Management Plan

NK38-PLAN-09701-10010-R001

2013-05-31

Order Number: N/A
 Other Reference Number:

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Revision Summary

Revision Number	Date	Comments
R00	2011-05-12	<ul style="list-style-type: none"> Initial issue.
R001	2013-04-30	<ul style="list-style-type: none"> Changed document name to include Supply Chain in the title: 'Darlington Refurbishment Supply Chain Management Plan' Updated Document Schematic Section 7.0 Align document with new governance.
R002	2013-05-30	<ul style="list-style-type: none"> Update Document Org Chart

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1.0 PURPOSE

The purpose of the RSC management plan is to define the scope of services, the organizational structure, the deliverables, work activities and the responsibilities as related to the NR program. The RSC is a division within the centre led Business Administrative Services (BAS) Supply Chain. It is matrixed to the NR program. The NR program is sub-divided into 7 major projects. The model adopted by the NR program is to contract the work scope for each of the major sub-projects to a qualified Engineering Procurement and Construction (EPC) contractor through approved OPG procurement procedures. Therefore the actual engineering, procurement and construction work for a sub-project is performed by an External EPC contractor and not OPG. A RSC Single Point of Contact (SPOC) is in turn matrixed to each of the 7 major sub-projects.

The RSC SPOC supports each of the sub-projects with the required Supply Chain/Procurement related work activities and deliverables. RSC is also composed of a “functional” component which establishes and facilitates the Supply Chain/Procurement standards through the RSC SPOC to support the sub-projects.

The Supply Chain/Procurement core activities are:

- Procurement process for the NR program or sub-project contracts.
- Supply Chain/Procurement oversight of the EPC contractor for work post contract award.
- Long lead and at risk material identification and mitigation plan.
- Qualification of EPC contractors.

2.0 MISSION AND GOAL

The mission of RSC is to support the project team as part of BAS Supply Chain with all procurement related activities in relation to overall cost, schedule and quality of the project. RSC will provide oversight on EPC contractor procurement activities, in coordination with the RSC SPOC and as documented in Project Oversight Plan.

The deliverables of the project procurement function are:

- Specified materials are delivered/ available with the right quantity and quality on-time to support the DNGS refurbishment project milestones schedule, including spare parts.
- Procurement process for the NR Program and sub-project contracts are in compliance with OPG-PROC-0058, Procurement Activities and N-DAI-00150-10000, Contractor/Owner Interface Requirements for Nuclear.
- Oversight of EPC contractor activities related to procurement and Supply Chain.
- Verification that all EPC contractors and suppliers are qualified and on OPG's Approved Supplier's List (ASL). EPC contractors are encouraged to use sub-suppliers which are already approved on OPG ASL; however where a supplier is

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not in OPG ASL or the scope of qualification for a supplier needs to be changed, the EPC contractor shall inform OPG of potential new suppliers and obtain acceptance to use the new supplier.

- e) Identification, assessment and strategy preparation/recommendation for Darlington Refurbishment Project (DRP) long lead and at risk materials.
- f) All required spare parts are delivered as per schedule including all required supporting documentation.

3.0 WORK SCOPE AND RESPONSIBILITIES

This section describes the scope and responsibilities of the RSC throughout the DRP life cycle.

- a) Oversight through the RSC SPOC on materials procurement and management of LLMs to support the refurbishment project scopes of work.
- b) Develop project specific At Risk and Long Lead Materials Procurement Management Plans.
- c) Provide oversight of contractor procurement processes.
- d) Oversight based upon a risk significance based graded approach of the EPC contractor's procurement process.
- e) Commercial or contract administration of the EPC contractor/OPG contracts, for contract management/ administrative activities related to Supply Chain.
- f) Updates to purchase orders and contracts on approved contract amendments.
- g) Support internal and external audits related to the procurement and materials management processes for the Refurbishment Project.
- h) Qualify EPC contractors in concurrence with Strategic Sourcing Planning and quality.
- i) Develop and execute activities related to contractor scorecards based on overall supply, quality and procurement activities.
- j) Support the RSC SPOC for a specific project in providing input on supply, procurement and quality services overall project oversight plans.
- k) Assist the Project in issuance of any material from the warehouse.
- l) Support the project for Supply Chain related activities for the development of any project related strategies.

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The Project Manager is responsible for the overall cost, schedule and quality of the project and RSC will provide support in oversight activities as the centre of excellence.

4.0 STRATEGY

This section defines the strategies of RSC for the completion of work scope described in Section 3.0. For the Procurement of Materials and Services:

- (a) Oversight activities to be performed in accordance with NK38-MAN-09701-10002, Nuclear Projects Oversight Manual in the following Supply Chain activities:
 - (1) Procurement process for NR program and the sub-project contracts.
 - (2) Supply Chain/Procurement oversight of the EPC contractor for work post contract award.
 - (3) Long lead and at risk material identification and mitigation.
 - (4) Qualification of EPC contractors.
- (b) Work shall be completed in accordance with OPG-PROC-0058, Procurement Activities and N-PROG-MM-001, Materials Management.
- (c) At risk and Long Lead material will be managed as per D-GUID-09701-10006, Darlington Refurbishment Program at Risk and Long Lead Materials Procurement Management Guide.
- (d) The Refurbishment Project will utilize the existing OPG Master Service Agreement (MSA) whenever appropriate to leverage the contractors and contractors and/or to reduce timelines in lieu of establishing a new agreement specifically for the Refurbishment project.
- (e) In accordance with OPG-PROC-0058, the Cross Functional Sourcing Team (CFST) will be engaged to provide required support on major contracts.
- (f) All purchase orders shall be approved in accordance with OPG-STD-0017, Organizational Authority Register (OAR). All material/service requests shall be approved in accordance with the OAR, and N-PROC-MM-0001.
- (g) Commercial turnover documentation will be provided to the execution management staff identifying the key elements of the negotiated contracts, specifically focusing on the commercial issues of the contract.
- (h) RSC SPOC will be matrixed to the project teams and the work direction will be provided by the Project Manager, while the RSC maintains the functional management accountability. A partnering Agreement between Business and Administrative Services Supply Chain (BASSC) and Nuclear Projects (NP) has

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been established to document the processes, relationships and protocols of the two parties (See Appendix A).

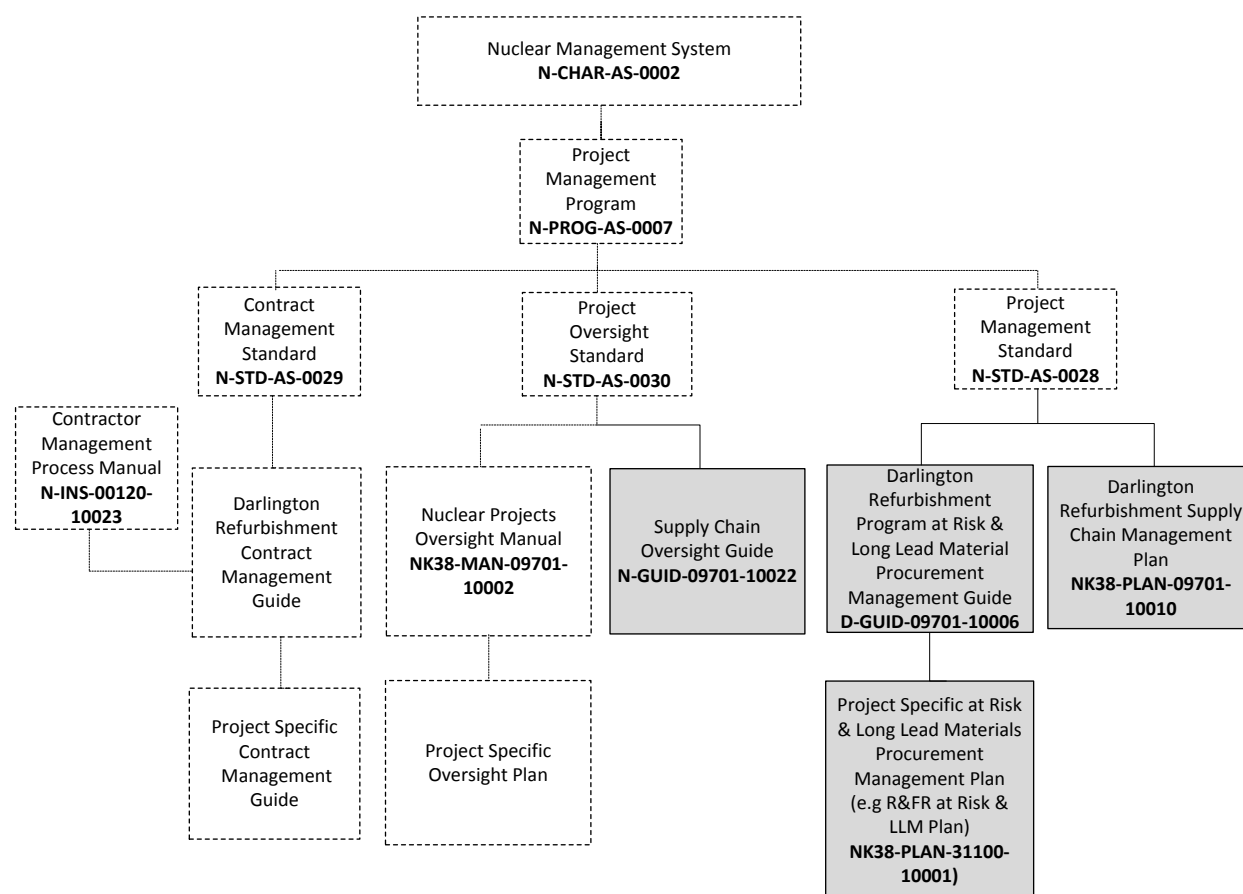
- (i) EPC qualification of contractors as per N-PROC-MM-0010, Establishing and Maintaining Ontario Power Generation Nuclear Approved Suppliers List.

5.0 MILESTONES AND KEY DATES

Updated milestones and key dates in the work scope of RSC throughout the DRP life cycle can be found in the Project Schedule (P6).

6.0 MANAGEMENT DOCUMENT LIST

In order to effectively manage the NR Program RSC has established various documents. The relationship among the various strategies and plans are shown below:



- e) RSC is in the process of revising and issuing the following Project At Risk and Long Lead Material Procurement Management plans. These plans will be reviewed every year from the date of issuance for the next two years. Deadline dates for each of the plans can be found in the P6 Schedule.

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Documents
RF&R At Risk & Long Lead Materials Procurement Management Plan
FH At Risk & Long Lead Materials Procurement Management Plan
SG At Risk & Long Lead Materials Procurement Management Plan
TG At Risk & Long Lead Materials Procurement Management Plan
BOP At Risk & Long Lead Materials Procurement Management Plan
Islanding At Risk & Long Lead Materials Procurement Management Plan
Shutdown/Layup Risk At & Long Lead Materials Procurement Management Plan

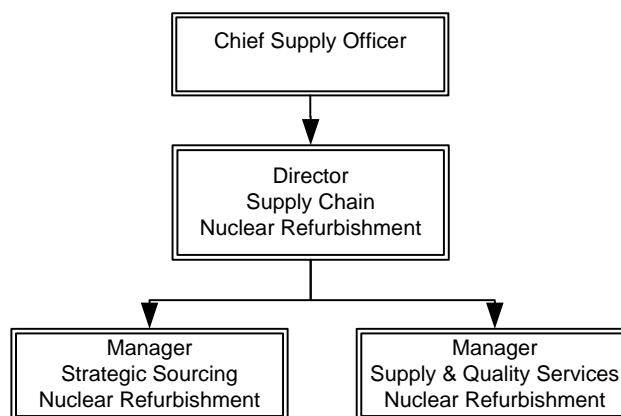
7.0 RESOURCES PLAN

7.1 Organization and Staffing Plan

This section describes the organization and staffing plan of Darlington Refurbishment Supply Chain Division that is necessary for the completion of the work scope of the Darlington Refurbishment Supply Chain Division.

(a) Organization

Supply Chain will align staff to the Darlington Refurbishment Program, which will be dedicated to refurbishment duties.



The above organization structure defines the functional attributes of the Darlington RSC. To support the Project, the RSC staff will be matrixed to the seven major projects. This matrix organization is designed to cater to a healthy mix to support all aspects of Project and functional requirements.

(b) Responsibilities

(1) Project Manager

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- (i) Responsible and accountable for successfully completing the Project, on time, on budget and as per the specified quality requirements.
 - (ii) Responsible for all Project Activities/deliverables.
 - (iii) Responsible for managing the EPC contractor.
 - (iv) Accountable for the Project Specific Procurement Oversight Plan.
 - (v) Approves the Project Specific Procurement Oversight Plan.
- (2) RSC SPOC
- (i) Part of the Project Team as a functional group member matrixed to the Project for large EPC Contracts.
 - (ii) Responsible and accountable for all the Projects Supply Chain related deliverables within the project.
 - (iii) Responsible for preparing the Procurement oversight plans, implementing and reporting oversight activities as identified in the plan.
 - (iv) Ensures Supply Chain functional Standards are incorporated.
 - (v) Establishes effective communication (“the interface”) between, Project Team, RSC, and EPC contractor for any procurement related issues.
 - (vi) Develops, implements and communicates KPI and metrics for procurement on behalf of the project.
 - (vii) Ensures the procurement related contract terms are adhered to.
 - (viii) Draws on the functional resources on an as need basis.
- (3) Director Refurbishment Supply Chain
- (i) Act as the customer service lead for BASSC to the NR Program.
 - (ii) Responsible/accountable for preparing the Procurement Functional Oversight Plan, Implementing oversight activities as identified in the plan, KPI/metrics and communicating results.
- (4) Functional Organization
- (i) Establishes the Supply Chain Standards.

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- (ii) Supports the Project in preparing the Project Procurement oversight Plan.
- (iii) Supports the Project RSC SPOC in implementing and reporting the Procurement Oversight activities and functional standards as identified in the Project Oversight Plan.
- (iv) Supports the Project RSC SPOC to prepare, implement and review/understand KPI's and metrics for Procurement Oversight.
- (v) Supports the Project Contract Management regarding Contract Management Issues.
- (vi) Provides feedback to the Project Manager/ Project Team on Procurement Oversight KPI's/metrics and any project procurement related issues through the RSC SPOC.
- (vii) Coordinates all functional oversight that involves multiple functional groups and multiple functions to avoid duplication and claims.
- (viii) Provides Oversight of ASL for all projects.
- (ix) Ensures adherence to corrective action program across contractors.
- (x) Identifies adverse trends in a specific Project Oversight triggering the need to look across all the EPC contractors, or same contractor on a different project.

7.2 Staffing Strategy

- (a) Provide regular staff levels and augment staff on managed tasks through the Owner Support Services (OSS) to prepare and execute the materials and services contracts required in support of the projects.
- (b) Utilize senior staff to train and mentor new staff.
- (c) Once the major procurement contracts have been established, these available resources will be utilized in the commercial contract management of the executed contracts for the Supply Chain related work activities.
- (d) Integrate with Nuclear Supply Chain Business Plan and utilize OSS for any additional manpower requirements.

7.2.1 Other Business Unit Support

No.	Division	Support Requirement	Value (High/Med/Low)
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			or Level of Effort)
1	BASSC	ASL Qualification & Requalification	Medium/Low
		Material Analyst / Buyer	
		Warehousing	
2	Law	Procurement Process, EOI, RFP, RFQ, Negotiations & Contracts	High
3	Corporate risk and insurance	OCIP Development & OCIP Mgmt	Medium/Low
4	Managed Systems Oversight	Governance Support (e.g. NK38-MAN-09701-10002, Nuclear Projects Oversight Manual)	Medium

8.0 ASSUMPTIONS AND CONSTRAINTS

Description of the assumptions and constraints for the DR program Supply Chain division:

- Scope of Work documents and technical specifications provided by Engineering are delivered as scheduled to support supply chain contract services and material procurement in the rare instances it is required.
- Work scope is defined timely and is of a sufficient detail to determine LLMs, material at risk, strategy development and procurement.
- Department workload peaks in years 2013 to 2017.
- OPG may procure LLM and materials at risk as required.
- Some warehouse staff is included in RSC business plan (for Balance of Plant Scope) but it is assumed that the majority of all materials management will be performed by EPC contractor.
- BASSC is responsible for qualification of EPC contractors/Suppliers on OPG ASL.
- EPC contractor/OPG document interface control group resides in Document Control /Records.
- Refurbishment Design Support Group responsible to create Cat IDs.
- OBU's, Augmented staff, students and contractor numbers are excluded for this document but included in the business plan.
- A single EPC contractor for each of the major projects can be established where applicable.

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- k) An estimated 150-250 Purchase Orders/Contracts will be issued for miscellaneous requirements during the course of the project.
- l) Qualified EPC contractors are available.
- m) Whenever BASSC is responsible for the procurement of material and services, the current OPG governance and practices will be followed. Interface agreement to define roles and responsibilities will exist.
- n) All prerequisite items not part of the scope of work will be dealt with separately.

9.0 RISKS AND MITIGATING MEASURES

Risks are documented in the project risk register and reviews on a monthly basis. The following are possible risks to the project and mitigating measures:

Risks	Mitigating Measures
Availability of Qualified Contractors	Contractor development by assisting these companies better understand OPG needs and requirements.
Availability of Staff to Perform the Work as Required	Additional short term resources will be provided through contracting services or managed task (e.g. OSS)
Ability to Meet Procurement Directives	Expressions of interests may be utilized to determine whether alternative contractors are qualified and/or available and interested to compete for OPG identified work in the marketplace.
Scope Definition for the Projects	Define scope with as much detail as possible.
Quality of Material	Use oversight to ensure quality is maintained. Mitigate risk of Counterfeit, Fraudulent and Substandard items using preventative measures such as awareness/inspection training, enhanced procurement activities/supplier approval, sub-supplier auditing and inspection at source.
Integration of data into Passport	Agree on the process earlier in the project.

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10.0 REFERENCE DOCUMENTS

No.	Document Name	Finish Date
1	OPG PROC-0019 – Records and Document Management	Issued
2	OPG PROC-0058 – Procurement Activities	Issued
3	N-PROG-MM-0001 – Materials Management	Issued
4	N-PROC-MM-001 – Requisition of Services	Issued
5	N-PROC-MM-0010 – Establish and Maintain OPG Approved Supplier List	Issued
6	N-PROC-MM-0016 – Purchase Order Preparation and Award	Issued
7	N-PROC-MM-0025 – Source Surveillance	Issued
8	N-PROG-LE-0002 – Nuclear Refurbishment Darlington	Issued
9	N-PROC-LE-0007 – Nuclear Refurbishment – IIP Darlington	Issued
10	FIN-MAN-CM-001 – Contractor Management Process Manual	Issued
11	FIN-PROG-CM001 – Contractor Management Program	Issued
12	NK054-PROC-0025 – DNNP Contract Management for EPC Company	Issued
13	NK054-PROC-0043 – DNNP Claims Management	Issued

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Appendix A : Business & Administrative Services Supply Chain (BASSC) and Nuclear Projects (NP).



Partnering Agreement between <i>Business & Administrative Services Supply Chain (BASSC) and Nuclear Projects (NP)</i>		
<p>1. What's the objective of the Partnering Discussion?</p> <p>As a team working together to achieve OPG business objectives, the purpose of this partnering agreement is to document the processes, relationships and protocols for the above two parties. The principles in this agreement apply to all Nuclear Projects organizations. This agreement will serve to clarify roles, accountabilities and processes between Supply Chain and Nuclear Projects.</p>		
<p>2. Do we understand our Decision rights?</p> <p>See ELT determined "Appendix A: Company-Wide Decision Rights"</p> <p>As per the Appendix, selecting the successful vendor is the decision of Nuclear Projects. These decision rights will be interpreted as direction to Nuclear Projects with respect to "Vendor Selection for major services contracts and projects." The context for all Nuclear Projects personnel is that the vendor bid evaluation process will be adhered to.</p> <p>Specific decision rights for Supply Chain and Nuclear Projects to ensure alignment on accountabilities and key interactions are noted below:</p>		
Key Activity / Key Decision Required Collaboration	Supply Chain (embedded functional / matrixed project staff)	Nuclear Projects
Develop contracting strategy for each project	Input	Recommend, Decide, Perform
Determine approach for identifying long lead and at-risk materials and associated mitigating strategy (where needed)	Recommend, Perform	Input, Decide (mitigating strategy)
Evaluation process: establish criteria and weightings (Team of Supply Chain, Nuclear Projects, and other support organizations)	Recommend, Perform, Input	Decide
Prepare procurement documentation (EOI, RFP, etc.) (Team of Supply Chain, Nuclear Projects, and other support organizations)	Recommend, Perform	Input
Develop Negotiation Plan (prior to start of negotiations)	Recommend, Input	Decide
Award contract	Perform	Perform

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Nuclear Projects/BASSC as signed Nov. 2012

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Review Supply Chain Procurement Plan from vendor(s) for projects	Recommend, Perform	Input, Decide
Develop, plan and perform Procurement Oversight of EPC Contractor	Recommend, Perform	Input, Decide
Develop and Execute Contract Management Plan	Input	Recommend, Decide, Perform
3. Do we understand our roles and responsibilities?		
Nuclear Projects		
<ul style="list-style-type: none">Establish project team at inception of project (i.e. first stage of project lifecycle when the project is first documented in the Business Plan).Ensure project process is followed including all time lines.Establish scope, technical specifications, expected schedule, and cost estimate prior to tender.Approve business case and requisition(s).Decide contracting strategy (i.e. EPC, DBB, BB, Owner's Only, Constructor, etc. This is not vendor selection).		
Supply Chain		
<ul style="list-style-type: none">Quality metrics and scorecards for Suppliers and corrective action programs for OPG, EPC and Suppliers.Qualification of Contractors and Suppliers on OPG's Approved Suppliers List.Contract development and implementation.		
4. Are our Objectives Aligned?		
<ul style="list-style-type: none">Common metrics/measures are the NP milestones/deliverables and schedule dates reflected in the NP overall schedule.Supply Chain and Nuclear Projects are committed to making governance changes as part of Business Transformation (BT). Supply Chain governance changes to be reviewed with Projects prior to governance change implementation.		
Key Measure/Metric	Steps required to Align metrics	
<ul style="list-style-type: none">NP milestones/deliverables and schedules (Align agreed to Nuclear Projects AIP milestones).Quality as defined by Nuclear Projects and Supply Chain for our Contractors and Suppliers.	<ul style="list-style-type: none">None	
5. How do we work together?		

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ONTARIOPOWER GENERATION

The VP Strategic Sourcing Quality/ Supply Chain Project Director will meet with the Senior Vice President Nuclear Refurbishment (SVP-NR) once per month and attend the SVP-NR's direct reports, project, staff, and key management meetings. The VP Strategic Sourcing Quality/Supply Chain Project Director will meet with the Vice President of Projects and Modifications (VP-P&M) monthly and also attend the direct report meetings of the VP-P&M.

BASSC will have resources matrixed into each of the NP Project teams. The BASSC staff will take work prioritization direction for customer-related work from the Nuclear Projects manager to support supply chain related deliverables.


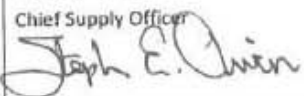
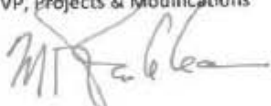
Project work prioritization conflicts among the various project managers will be escalated within Nuclear Project & Mods and Refurbishment Program for resolution.

This partnering agreement and the decision rights identified in Section 2.0 form the basis of the business plan for BASSC. NP will fund resources and non-resource budget for BAS as identified and accepted in the NP business plan. NP will discuss with BASSC needs during the Business Plan cycle and mutually develop a business plan acceptable to both organizations in line with current Finance practices. Headcount for BASSC will fall within BASSC, while budget for matrixed staff will fall under NP. Matrixed BASSC resources, who perform work across NP, will charge their time NP charge codes.

6. How will we manage Matrixed Resources. ?

NP Directors/Managers will provide input into the performance reviews for matrixed staff.

7. Any other areas where we wish to document how we will work together? N/A

Agreed By:	Dietmar Reiner, SVP, Refurbishment 	11/16/12 Date: mm/dd/yy
Agreed By:	Stephun Cliver Chief Supply Officer 	Nov. 16, 2012 Date: mm/dd/yy
Agreed By:	Mike Peckham VP, Projects & Modifications 	NOV 19 2012 Date: mm/dd/yy

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Nuclear Projects/BASSC as signed Nov. 2012

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Appendix A: Company-Wide Decision Rights

Decision Areas	CEO	ELT	User/ Customer	SC
Make/Buy decisions (1 framework, not every decision based on \$ value)			R/D	I/A/P
Development and implementation of Contracting Approach for major services and projects			I/D	R/P/A
Determining Vendor Requirements (includes setting criteria)			R/D	A/P
Vendor selection for major services contracts and projects			D	R/P
Vendor Selection (routine/commodity)			I/A	R/D
Establish demand levels			R/D	A/P
Establishing appropriate inventory levels			R/D	I/A/P

R – Recommend (1)
 A – Agree
 P – Perform
 I – Input
 D – Decide (1)