

WM2013 Conference Panel Report

PANEL SESSION 82: Contract Transition: Initiating the Final Contract to Achieve the Dounreay Interim End State

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Panel Reporter: **John Kristofzski**, *CH2M HILL, Inc.*

Panelists:

1. **Craig Brown**, *DSRL, Babcock International (Scotland)*
2. **John Lawes**, *Contracts Manager, NDA (Scotland)*
3. **Ryan Maitland**, *Office of Nuclear Regulations (United Kingdom)*

About 35 people attended this panel session which focused on the implementation of the target cost contract to achieve the Interim End State at the Dounreay Site, Scotland. The contract is the first closure contract awarded by the UK NDA. Share transfer took place on April 1, 2012. The session opened with the panelists presenting an up to date position on the contract transition from each key stakeholder, the contractor, the NDA and the Office of Nuclear Regulations. This was followed by a question and answer session which included questions on local community perceptions, how lessons learned are being transferred to the Magnox sourcing that is underway, questions on fee structure and if they have observed any unintended motivations.

Summary of Presentations

John Lawes opened the discussion by explaining how the UK performs a competition at a site such as Dounreay. He explained that many people don't fully understand that what is competed is the Parent Body Organization (PBO) which oversees the corporate entity at the site or Site License Company (SLC). Further that the Parent Body Organization then embeds key staff in the management structure of the site company, in this case Dounreay Site Remediation Limited (DSRL). John explained that an important aspect of the contract model includes maintaining continuity at the site via the Site License Company (for Dounreay that is the DSRL). John went on to describe key accomplishments in the effort by the United Kingdom to 'privatize' the decommissioning of these sites. This included the creation of the NDA, the contract model with the PBO, SLC with seconded managers from the PBO as well as the recent establishment of the Office of Nuclear Regulations.

Craig Brown then provided a short presentation which explained the contract transition from the contractors' perspective. He explained that many, many things went well, however, there were work force frustrations with respect to the transition. He explained that commercial decisions were made to protect proprietary information until the contract was final. This conflicted with an open and transparent transition and lead to incumbent work force frustration. The concept of material differences, a mechanism to identify differences between when the contract was competed and the initiation of work by the new contractor, was perceived by the work force as a criticism on their good work. He also noted that an 8000 activity schedule was developed and shared. The general sense from the contractors' perspective was that the transition went well between the NDA and ONR. He further explained that one of the lessons learned was to communicate more effectively what the purpose of various items (e.g. the material differences)

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even if they could not fully disclose detailed information due to commercial decisions. The team could have explained what was happening more effectively while not disclosing commercial information.

Ryan Maitland concluded the presentations by sharing some background. This included the creation of the Office of Nuclear Regulations (ONR) on April 1, 2011 from a 50 year history of the Nuclear Installations Inspectorate (NII). There has been a rapid transition from “nuclear” to “conventional” safety as D&D progresses. Ryan offered that the interface with the new management team was positive with respect to active engagement from them to the ONR. He shared that there are deep rooted long standing attitudes on how to complete D&D. There has been a history of “asking for decisions” when the Site License Company should be making more of the decisions going forward with respect to how things are done.

Questions and Answers

In response to a question on “empowering” project managers at the site it was shared that contingency was released to the site project managers. It was described that site project managers have more authority to make decisions including the ability to decide the use of funds. This required streamlining of procedures on governance and accountability. The site established routine project reviews with the Managing Director. This has led to lower levels of management being concerned about what was not getting done each month.

A question was asked on how interactions between other sites are being managed by NDA. John Lawes replied that there is a project team established to oversee interactions as a risk can happen at Magnox or Sellafield that introduces risk at a site such as our topic site of Dounreay. These risks are out of the influence of the Parent Body Organization or Site License Company. Therefore, the project team is established to oversee these types of items

A question was posed on the fee structure and if fee was held or could be clawed back due to failure in another area? It was responded that the fee is associated with 17 milestones and fee is paid per milestone plus/minus a share line. The fee is independent for each milestone. It was further asked if there were any observed ‘unintended’ motivations that have been observed. It was responded that none were seen so far.

It was asked if there were contract mandated turnaround times for regulatory approvals. **John Lawes** replied that turnaround times are not in the contract as the structure is that is a contractor responsibility. It is not an NDA responsibility. It is the Site License Company, the DSRL that is required to get regulatory permissions and that is a DSRL risk. It was further discussed that obtaining approvals and that the DSRL needs to do more self approvals (a significant cultural change). **Ryan Maitland** noted that the ONR expected to see only the highest consequence submissions and not everything that the prior culture submitted. ONR is looking to provide more flexibility. This change in culture can result in miscommunications on hold points required. ONR will be interested in observing the DSRL site readiness versus giving permissions.

A question was posed on the end state concept versus the concept of de-licensing. **John Lawes** replied that NDA put client specifications on the precise interim end state so there was clear

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understanding of what that means. The ultimate end state will need to be negotiated with the Scottish Environmental Protection Agency.