

WM2016 Conference Panel Report

PANEL SESSION 34: UK Featured Country - UK NDA – US DOE Perspective on Contracting Approaches

Co-Chair: **Graham Jonsson, NDA (UK)**
Michael Rosenfeld, UKTI

Panel Reporter: **Angie Jones, Amec Foster Wheeler**

Panelists:

1. **Peter Lutwyche, Sellafield Programme, UK NDA (UK)**
2. **Jack Surash, EM DAS for Acquisition and Project Manager, US DOE EM**
3. **Dyan Foss, Global Managing Director, Nuclear Sector, CH2M**
4. **Julianne Antrobus, Strategy Director, Atkins (UK)**
5. **Greg Meyer, SVP Environment & Nuclear, Fluor Corporation**
6. **Paul Howarth, Managing Director, NNL (UK)**

Peter Lutwyche, Sellafield Programme Director, NDA

- Provided an overview of the NDA created under the Energy Act Obligation
- NDA began rolling out programme competitions at their facilities via the Parent body Organizations (PBO) model
- PBO become the shareholder of the site licensing company (SLC) where they setup a board that work with NDA to create KPI
- All contracting occurs with the SLC
- In 2008 they refined the contracting mechanism to target cost with incentive fee contracts
 - Three elements of fee - PBI based on capability, target cost fee, share-line mechanism
 - Results in significant reduction in cost below baseline cost
 - Required change control for excels rated schedule, etc.
 - The relationship between contractor and client is essential
- Sellafield model changed in 2015 & will be effective on 1 April 2016
 - Goal was to accelerated hazard reduction - delivers safely and economically
 - Improved simpler arrangement for managing Sellafield Ltd
 - Simpler arrangement, more cost effective
 - Under this model NDA becomes the shareholder of the company
 - Sellafield Ltd will be putting into strategic partner contracts to help them deliver this massive programme
- Closing remarks
 - LLWR full reimbursable contract with good results
 - Sellafield is changing to a NDA subsidiary Model
 - Dounreay and Magnox are using target contract approach
 - Tailoring the contract to fit

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Jack Surash, EM DAS for Acquisition and Project Manager, US DOE EM

- Provided a broad perspective of federal contracting regulations and then focused in on US DOE
 - Provided overview Federal Acquisitions Regulations (FAR) and application
 - Federal Business Opportunities (FBO) listed everything over \$25,000
 - Federal Procurement Data System (FBDS)
- Types of procurements
 - Full & open competition
 - Set aside work for small businesses - 23% required to be procured by prime contractor
 - Reviewed the various SB categories
 - Reviewed the procurement goals/ requirements for each category
- Government contractors must prove they are responsive and responsible
- Reviewed the multiple levels of contracting mechanism going reduced risk to contractor to highest level held by contractor
 - Use of incentive fees
 - Sharing risk where it makes sense
- Some procurements fall under financial assistance - e.g., grants
- Provided overview of the flow of procurement authority
- DOE procurements involve the following
 - Source Selection Officials
 - Source Evaluation Board
 - Could have protest from bidder not selected
- Compared traditional contracting with contracting with Management & Operations contract
 - M&O based on qualification
 - Tradition certified pricing that is evaluation contractor
- Contract administration improvement implemented beyond post award; more KPIs that are monitored

Dyan Foss, Global Managing Director, Nuclear Sector, CH2M

- Provided a visual of sites across the US and UK
- Made a point that every procurement is uniquely different
- Procurement proposals cost millions of dollars so good when you win but not so good when you lose
- Discussed the expense of competitive dialogue used by NDA that she felt resulted in an excellent scope of work
- NDA is less focused on the people qualifications where DOE does want to know & evaluate the people
- Key is flexibility and forums to discuss what is working & not working is helpful

Julianne Antrobus, Strategy Director, Atkins

- Admitted that Atkins is new to US DOE market so more a perspective on UK market
- Provided an overview of Atkins services
- Shared how international collaboration they have experienced at ITER can be used by NDA

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- Tier 2 provider to Sellafield where they established an integrated team
- Key to success in her experience has been collaboration

Greg Meyer, SVP Environment & Nuclear, Fluor Corporation

- NDA pros/ cons
 - Very disciplined procurement processes
 - Competitive dialogue valuable
 - Expensive process as it took so very long & required bringing SMEs for dialogue
 - Easier to prepare proposal based on dialogue
 - Evaluation criteria was complex
 - Selecting the customer over the key personnel which makes the cost the driving selection criteria
 - After 2+ years Fluor was awarded Magnox PBO so good for him!
- DOE pros/ cons
 - Clear procurement process
 - Besides industry day there is never any exposure to the customer
 - Everything done through website
 - Very detailed, large RFPs
 - Government list many clauses that say "if applicable" which seems to mean something different for bidder and DOE
 - Very expensive to produce proposal
 - Evaluation period is way too long with key personnel on the hook
 - Good that key personnel are a factor in evaluation criteria so tying them up waiting on DOE to award is problematic
 - Very professional call after selection with shared high/low whether you win or lose
 - Difficult transition as it is sometimes immediately at award announcement equals Day 1 giving key personnel no time to get their personal items in order

Paul Howarth, Managing Director, NNL, UK

- Shared his concept of driving economic growth through nuclear expertise
- Cumbria, UK desires to be recognized as the Centre of Nuclear Excellence
 - Sellafield
 - LLWR
 - NNL
 - BAE Barrow
- Cumbria supports the entire civil nuclear fission program
- Shared pictures of the nuclear sites and facilities in Cumbria
- Stressed the importance in continuing to develop the skill and people needed to deliver on the nuclear program
- Recognize the supply chain - not only large but SMB specialty skills are needed
- Must consider the infrastructure in Cumbria for the workforce that will be required to deliver
- We must work together in the UK and international to be successful

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Question and Answer

- Small business owners asks question for Jack about the lack of direct communication during procurement to improve perception that they are slanted to the incumbent
 - Jack is limited by FAR on direct communication after RFP is issued
 - Is looking to have more frequent dialogue with all supply chains on upcoming procurements
 - His staff is available for 121 dialogue prior to procurement
 - The way to win a DOE opportunity is to have the best proposal; if you're an incumbent doing a great job then they may be hard to beat IF they prepare best proposal
 - Andy supported this from the audience and said that pre-RFP is the key to dialogue and after issuance it is difficult
- Peter explained that the NDA competitive dialogue involves sharing items that effect all bidders but ensure bidder specific items are not shared. Dyan supported this as bidder on all three PBO bids.
- Jack and Peter said that both their procurement cycles are approximately 2 years which is too long. Jack explained that protest just drags this out.
- Jim Fiore asked Greg and Dyan if they would like to see competitive dialogue with DOE even if it adds time
 - Greg said this would be beneficial after the full RFP has been read but not 9 months of dialogue; maybe 2 months
 - Dyan agreed that it would be beneficial and could be done without doing additional time
 - Peter added that the pre-RFP is even more important to ensure that there clarity in the RFP
- Graham asked how do US and UK share the experience to get a better product
 - Paul said it comes down to the people so the exchange/sharing of people
 - Greg promoted the WMS as a means to share lessons learned and the opportunity to network for more 121 dialogue
 - Greg further expressed that he appreciated that the AECL using the NDA model for Chalk River procurement
 - Peter discussed the pre-conference trips to D..C, SRNL, and Hanford importance of building relationships to share experiences; looking for some structure to do this more often
- Graham wanted to know what was the single most important item to a good experience resulting in work progressing quickly and smoothly
 - Julianne said that is there for the whole process to succeed which is about building a relationship around the contract - relationship contracting; especially true for complex project
 - Greg reminded everyone that you must write a good proposal with good team that are put in place to delivery
 - Dyan said a clear scope of work that are of high quality with the right contract vehicle based on the site need