

Contract Structures in the Nuclear Industry – a supply chain perspective

Date: 14/09/2021

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Delivery Models

Model	Description	Advantages	Disadvantages
EPC / Turnkey	Owner buys complete solution and transfers most risk to prime contractor	Provides cost certainty (sometimes)	Few suppliers High risk premium Client retains risk of contractor failure
Key Package Multi Contract Delivery	Owner places direct contracts for 8-10 key packages (NI, TI, BOP, civils, MEH, etc) and retains technical and project management integration risk (may pass to others)	Good solution for fragmented supply chain Supports client involvement Risk allocated to party best able to control it Drives collaborative behaviour - potential for alliance arrangements to drive and incentivise collective outcomes	Significant management and integration burden on client
Multi Contract Delivery	As above, but potential for significantly more client contractual interfaces	As above	As above – to a greater degree

Alliances – when?

- Multiple participants with influence over outcomes
- Shared risks
- Client involvement to manage retained risk and regulatory demands
- Delivery of transformational benefits with a long term focus
- Highly complex, high risk projects
- Multiple scopes to integrate and interfaces to manage

Alliances – features

- Two client roles – participant and owner
- Team culture
- Cooperation and trust
- Alignment of objectives and commercial interests
- Governance structures
- Best athlete
- Best for project
- No blame / no dispute
- Financial performance incentives

To summarise...