

WORKING PAPER - 6 APRIL 2006

DISCUSSION NOTES REGARDING REVISED PROCUREMENT PROGRAMME

TASK LINE*	RATIONALE	STRENGTHS	WEAKNESS	OPPORTUNITIES	THREATS
1	Tramco ItN issue at 25.04.06 delivers what PQQ Candidates are expecting. Maintains project momentum. Slipping Infraco PltN to 25.05.06 keeps programmes with original timing difference between Tramco and Infraco.	<ul style="list-style-type: none"> • Gives signal that tie is serious about project acquisition programme commencement • Imposes discipline to finish Infraco PltN preparation • Slip on ItN issuance gives additional preparation time for Employer's Requirements • Permits refinement of Infraco PltN and ItN instructions • Responds directly to TEL Board concerns on state of readiness 	<ul style="list-style-type: none"> • May provide insufficient time for key approvals. <i>Mitigation:</i> Approvals process is already well in hand, and the additional period should be sufficient to facilitate any necessary approvals • Delay risks adverse market perception: <i>Mitigation:</i> Manage message. • Places full reliance on ability to issue appropriate quality of ItN documents on 25.04.06 and 25.05.06. <i>Mitigation:</i> SDS Provider will continue to revise Employer's Requirements during period from 05.04.06 to 10.05.06 in order to ensure that they can be adequately contractualised as part of Infraco tender. 		<ul style="list-style-type: none"> • Essential that approvals are obtained on completed revised strategy. • Time required to perfect documentation following appraisals/comments.

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6	Provides agreed window to achieve DPOFA modifications	<ul style="list-style-type: none"> Time allowed removes pressure risking poor outcome in which tie/TEL not fully at consensus and TETL asserts leverage. 	<ul style="list-style-type: none"> End date permits only two months for Infraco to assess DPOFA interface matters. <i>Mitigation:</i> provide indicative information in PitN and definitive in ITN. Period could encourage slow progress: <i>Mitigation:</i> manage process tightly. 	<ul style="list-style-type: none"> Should be workable and process can be described in ItN. the three KPI regimes can be dovetailed to be ready for 25.05.06. 	
11	MUDFA works commence only after DFBC approval	<ul style="list-style-type: none"> MUDFA/Tramco PB are co-ordinated date for announcement as ETN project progress. MUDFA timeline unaltered. 			<ul style="list-style-type: none"> Any delay on DFBC approval creates more overlap between MUDFA and Infraco. (This was always the case). <i>Mitigation:</i> deploy Infraco to programme.
13	Tramco to hold price open from 31/1/07 to 31/12/07 in order to permit simultaneous close.	<ul style="list-style-type: none"> Tramco pre-commencement services works and mock-up production compensates Tramco for longer price validity period 	<ul style="list-style-type: none"> Any slippage in Infraco contract award effective date will risk Tramco price reopening: <i>Mitigation:</i> Infraco BAFO process will be strictly managed. 	<ul style="list-style-type: none"> Consider asking Tramco for price validity period in excess of 12 months or deal with situation at BAFO by introduction of pricing increase mechanic. 	

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14	Design development parallels Infraco PItN indicative bid preparation period.	<ul style="list-style-type: none"> No change to current process. 	<ul style="list-style-type: none"> Reliant on SDS production: <i>Mitigation</i>: manage SDS fairly and continuously. 	<ul style="list-style-type: none"> Can same result be achieved in shorter time. Lessens contractor engagement costs but risks insufficient detail and therefore poor outcome from PItN. 	<ul style="list-style-type: none"> Slippage in design delivery shortens PItN pricing preparation (for FBC) which is dependent upon design release.
19	As for Task Line 1.	<ul style="list-style-type: none"> Consistent with first bullet in Task Line 1 above. Timing allows for possible reconfiguration of PQ Candidates. 			<ul style="list-style-type: none"> NR "no objection" to be obtained.
20	<p>Bolsters design refinement and underwrites the effort required to produce optimum quality pricing and risk commentary at 30.10.06.</p> <p>Permits constructive and informative interchange with bidders on risk allocation and contractual structure.</p> <p>Improves Infraco bidder engagement from May - October 06.</p> <p>Guards against Candidate fatigue.</p>	<ul style="list-style-type: none"> Contractor support payments incentivise Candidates to focus on essentials for production of reliable pricing and properly structured pre-tender submission. Should lead to efficient bid valuation and negotiations and reaching BAFO. Early perspective on Candidates' positions on SDS and Tramco novations, as well as risk allocation. 	<ul style="list-style-type: none"> Financial support not frequently offered during pre-contract phase: <i>Mitigation</i>: Will distinguish project. Short term possible effect on SDS output and Candidate resistance to information sharing set off by full earlier engagement. <i>Mitigation</i>: Manage SDS and set clear bidder protocols. 	<ul style="list-style-type: none"> Reasonable period between receipt of Candidate pre-tender submissions and close out of DFBC in order to assess and use information. Reduction of system integration risk and minimise post operative snagging list. 	<ul style="list-style-type: none"> SDS may require change orders. Mitigate using contractual scope. Rejection by SE/CEC Mitigation of procurement risk may produce constraints.

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	Addresses propensity of Candidates to lock into unaffordable price. Strengthens ability to mitigate system integration risk.	<ul style="list-style-type: none"> Allows key interface issues to be flagged by Candidates and addressed in process by refinement of risk allocation. Produces environment in which model risk allocation can be tested/refined within actual competition. Ability to use performance of selected Candidates during process as guide to their competence for selection. Creates attraction for bidders to stay in process. Funded engagement for bidders with SDS should improve Candidate feedback on preferences within SDS Scope. This will mitigate risk on system interface and choice of design. Having a logical stage to recommend costed adjustments to risk allocation. 	<ul style="list-style-type: none"> Nervousness among Candidates about SDS capabilities. <i>Mitigation:</i> Early stage contractor involvement and ability for Candidates to have substantial input into preliminary and detailed design phase should help reduce Candidate's perceived risk in this area. Resourcing/cost implication for tie to manage and fund. <i>Mitigation:</i> Gauge payment levels and timing effectively. Cannot prevent SDS failing to recover in order to fully support detailed design. <i>Mitigation:</i> Manage SDS robustly. 	<ul style="list-style-type: none"> ItN protocols need to spell out rules of engagement, timeframes and payment entitlements against actual expenditure agreed lump sum. Possible ability to fix post FBC status of pre-tender pricing submissions. 	<ul style="list-style-type: none"> Risk of discomfort from CEC/TS on basis of cost <i>Mitigation:</i> Incentive and reduction of risk of poor opening ETN service period. Why not review SDS output critically at July 06 weighpoint and take decision then? Delay is too significant to ETN programme. Momentum is lost. Programme includes Christmas and New Year holiday period. Suggest SOD date is not Hogmanay 2010.

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		<ul style="list-style-type: none"> Allows tram mock up production approval processes (CEC particularly) pre Tramco Contract effective date. 			<ul style="list-style-type: none"> Infraco Contract is refined during standstill period in November/ December 06 to create efficient close after BAFO stage which focuses on pricing.

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