



DELIVERING THE
NUCLEAR PROMISE

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Delivering the Nuclear Promise: Advancing Safety, Reliability and Economic Performance

Supply Sourcing Improvements

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Executive Summary

- Supply Chain Objectives
 - Efficiencies in procurement and supply chain operations
 - Lower internal costs
 - Overall lower costs of materials and services
- 28 Improvement Opportunities (initially identified)
 - 3 Efficiency Bulletins released in 2016
 - Contract Forensics
 - Strategic Sourcing
 - Supplier In-processing
- Supplier Engagement is important for DNP success



Supplier Engagement

- Goals
 - Supplier engagement is encouraged to represent industry/supply base
 - Processes are transparent, fair, legal and value added
- Joint sub-committees include:
 - NEI's Suppliers Advisory Committee (SAC)
 - INPO's Supplier Participant Advisory Committee (SPAC)



The screenshot shows the NEI (Nuclear Energy Institute) website. The header includes the NEI logo, navigation links (Log In, About NEI, Contact Us, NEI Store), and social media icons. The main navigation bar lists: Why Nuclear Energy, Issues & Policy, Knowledge Center, News & Media, Careers & Education, and Conferences. The current page is 'Issues & Policy' with a sub-page title 'Suppliers in the Nuclear Promise'. A sidebar on the left contains links to 'Delivering the Nuclear Promise', 'Efficiency Bulletins', 'Suppliers in the Nuclear Promise', 'Congressional Resource Guide', 'State & Local Policies', 'New Nuclear Energy Facilities', and 'Second License Renewal for Nuclear Plants'. The main content area features the title 'Suppliers in the Nuclear Promise' and the subtitle 'Contributing Improvement Opportunity Ideas'. The text explains that companies can submit ideas for redesigning or re-engineering nuclear power plants to improve efficiency and reduce costs. It also mentions that non-proprietary ideas will be reviewed by industry experts and considered for inclusion in the Delivering the Nuclear Promise initiative. A section titled 'Supplying Subject-Matter Expertise' states that the industry expert teams working on Delivering the Nuclear Promise will seek subject-matter expertise from the vendor and supplier community on a voluntary basis.

Supplier Engagement

- Submitting a New Idea?
 - Visit <http://www.nei.org/Issues-Policy/Delivering-the-Nuclear-Promise/Suppliers-in-the-Nuclear-Promise>
 - Fill out the Supplier Concept Submission Form
 - Email to: DNPSuppliers@nei.org
 - NEI Supplier Advisory Committee will review ideas for consideration and prioritization with the DNP Steering Committee
- Getting Involved
 - Supplier resources are involved in a number of sub-committees

Supplier Engagement

- Progress
 - Supplier-generated improvement opportunities submitted
 - Supplier resources engaged to support teams where applicable (RP, Engineering, In-Processing)
- Communication
 - Website—www.nei.org
 - Utilities to provide feedback to suppliers on DNP progress
 - Information sessions at industry conferences and meetings

Contract Forensics (16-19) – Overview

- Practices to address
 - Accounts payable errors result in significant cumulative costs (“leakage”)
- Value proposition
 - Cost-effective recovery of accounts payable errors
 - Improvements to contract administration
 - Time and material, cost-reimbursable, and unit price contracts



Contract Forensics (16-19) – Enhancements

- Audits
 - Accounts payable
 - Contract compliance
 - Performed in-house or by third-party
- Contract administration
 - Improvements based on audit findings
 - Contract templates
 - Process changes



Contract Forensics (16-19) – Implementation

- Efficiency bulletin released 7/12/16
 - Green – voluntary
 - Expected future EB for broader contract administration efficiencies
- Benchmarking
 - Net costs recovered = 3% to 7% of audited spend
 - Implementation experience sharing through Nuclear Supply Chain Strategic Leaders group

Strategic Sourcing (16-29) – Overview

- Practices to address
 - Organization and process inefficiencies result in significant hidden costs
- Value proposition
 - Reduce duplication of efforts
 - Lower costs of goods and services through best-in-class strategic sourcing practices
 - Optimize strategic sourcing staff
 - Prioritize areas of opportunity through spend analysis and evaluation of market conditions
 - Use of competitive bidding



Strategic Sourcing (16-29) – Enhancements

- Standard organization (SC.01)
 - Centralization vs. de-centralization
 - Roles (e.g., category management vs. tactical sourcing)
 - Staffing based on ratios with spend and transactions
 - Address Enterprise Spend (e.g. HR, MRO)
- Sourcing prioritization and engagement (SC.02)
 - Category plans (e.g., KPIs, strategies)
 - Market analysis and business case development
 - Business partner engagement
- Non-Competitive Sourcing Guidelines (SC.03)

Strategic Sourcing (16-29) – Implementation

- Efficiency bulletin released 10/27/2016
 - Green – voluntary
- Benchmarking
 - Potential for 5%/yr or \$5.65M per unit in savings
 - True savings depend on:
 - Current organizational structure
 - Organizational maturity
 - Sponsorship by plant's nuclear leadership



Supplier In-Processing (16-26d) - Overview

- Practices to address
 - Repeat in-processing and training of supplemental workers at each site is repetitive and time consuming.
- Value proposition
 - Eliminate duplication of training and badging at each site
 - Shorter in-processing times at each site
 - Recognition of skills and qualifications
 - More time in the field



Supplier In-Processing (16-26d)– Enhancements/Implementation

- Contracts
 - Standard language to facilitate standardized in-processing
- Training and Exams
 - Standardized process
 - Improved NANTEL proctoring protocols
- Efficiency bulletins
 - Contract language released 9/30/2016
 - Blue – expected all will implement
 - In-Processing expected for spring 2017 outage
 - Blue – expected all will implement



Other Potential Improvements

- Remaining 24 IO's to be evaluated for consideration in future phases, including:
 - Contracting best practices
 - Scope definition and contract types
 - Bids, evaluations and negotiation strategies
 - Terms and conditions
 - Warehousing efficiency
 - Delivery service model
 - Physical location anywhere on site (closer to the job)
 - Virtual walls and issue points (e.g., RFID)



Other Potential Improvements

- Pooled inventory management
 - Expanded use of SEER
 - Reduce excess inventories
- Obsolescence
 - Centralized obsolete parts industry warehouse
 - Industry-wide equipment modernization and standardization
- Transportation, shipping and freight management best practices



Key Takeaways

- Suppliers are strategic partners to help control costs
- Suppliers should identify how they can reduce internal costs
- May take some investment to achieve efficiencies in the long run
- Goal is to reduce overall cost of materials and services