

# Mastering Nuclear Fuel Markets:

## MODULE NO. 3 PROCUREMENT OF NUCLEAR FUEL FABRICATION SERVICES

Nuclear fuel fabrication is unique in the fuel cycle in that it does not apply to a fungible commodity, but rather to a highly engineered product. Fabricated fuel assemblies can only be used in one class of reactors and, often, in only a single unit. As opposed to uranium, conversion and enrichment, the procurement of fabrication services involves not only the utility procurement staff, but also fuel engineering, operations and quality assurance personnel.

Consolidation within the fabrication industry has reduced the number of potential fuel suppliers to no more than three. Consequently, competition has been reduced and utilities must play a greater role in creating a competitive procurement environment.

This module addresses procurement planning, preparation of the bidding documents, evaluation of proposals and negotiation of the final fuel supply contract. It is applicable to either BWR or PWR fuel procurement and special considerations for each reactor type are included, as appropriate.

The objectives of the standard Fuel Fabrication Procurement Module are as follows, but the training sessions may be customized to meet your specific needs. This module can be conducted in one day.

- ◆ Summarize and Discuss the Current State of the Fabrication Market

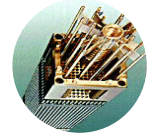
- Participating suppliers
- Supply-demand balance
- Trends in prices and commercial terms and conditions

- ◆ Describe and Discuss Procurement Planning Activities

- Overall strategy
- Creating a competitive environment among the bidders
- Utility organization for procurement
- Interactions with corporate management
- Qualification of prospective bidders
- Procurement schedules
- Evaluation criteria

- ◆ Describe and Discuss the Preparation of Bidding Documents

- Bid specifications
  - Objective of the specification
  - Content of the specification
  - Use of utility options
  - Technical specifications
- Draft fuel supply contract
  - Objectives of the draft contract
  - Draft contract articles



- ◆ Describe and Discuss Procedures for the Evaluation of Proposals
  - Utility organization for the evaluation
  - Technical evaluation
  - Economic evaluation
  - Commercial evaluation
  - Interaction of the technical, economic and commercial aspects of the evaluation
  - Maintaining the competitive environment
  - Form of the evaluation
    - Initial review of proposals
    - Bidder meetings
    - Final review
- ◆ Describe and Discuss Negotiation of the Final Fuel Contract
  - Negotiating strategy
  - Conducting the negotiations
  - Best and final offers
  - Contract award