

Hinkley Point C Supply Chain Update



Delivery Partners for the Hinkley Supply Chain Team

August 2021

Dear



Welcome to Hinkley Supply Chain's August newsletter. Now that most of the legal covid restrictions have come to an end, I hope you have managed to take a break from work to refresh and recharge.

I have been lucky enough recently to be invited on a site tour to see the progress of the site and to visit the recently opened visitor centre at Cannington Court. The site, as always is impressive in its progress and the visitor centre is a must see, which features many interactive elements.

Recently, we have all seen the price of materials rise dramatically. To help you we have an article from Zoe Stollard, Chair of the Hinkley Professional Services Group (PSG), to help you understand what steps you can take to allow you to price for contracts when there is uncertainty.

In this issue, as well as the usual project update, we have case studies from Cornelsen and Wincanton.

As always, as a team we have been working hard behind the scenes to uncover opportunities for the supply chain. In the past few months the supply chain team has been contacting companies that have been matched to potential opportunities and discussing the requirements of the Pre-Qualification Questionnaires. This has been a great opportunity for us to engage with the regional supply chain, however, in some cases it was not always possible to make contact with the company that had been identified. Therefore, we would urge all businesses to log into the Hinkley Supply Chain registration and ensure that the contact details for their business are correct and up-to-date. By having out of date information on the portal you are potentially missing out on opportunities to engage with

the project and the site contractors.

If you need any help logging in to your registration, updating your profile or, if you would like someone to come out and see your business to discuss support we can offer, get in touch.

**Natalie Beacham, Hinkley Supply Chain Project Lead,
Somerset Chamber of Commerce**

Project Update

Reactor One – Nuclear Island

The Nuclear Island is the name given to the area on site which contains the nuclear reactors themselves, along with the buildings and machinery that support their safe function.

In advance of the second steel ring being lifted into position, the internal structure of the containment building is beginning to take shape following a 722m³ concrete pour. It's a crucial part of the power station and took 27 hours to complete



Two large, pre-fabricated concrete slabs were also lifted into Reactor One last month. They are designed to support the internal systems. The slabs measure 24 metres long, 14 metres wide and 1.5 metres thick and weigh over 500 tonnes.

Reactor Two – Nuclear Island

Construction activities for the second reactor are scheduled to follow around 12 months behind Reactor One, allowing for the best use of the skilled workforce and learnings to be implemented in its construction

Following the first concrete pour for the internal structures raft, works can now commence on the internal structures of the reactor building. The raft forms part of the base structure within the reactor building itself.

Reactor One – Conventional Island

The Conventional Island is the name given to the area on site which contains the turbine hall and the equipment used to generate electricity. An critical element in the operational power station.

Cranes have been built on site to support the upcoming erection of 11,500 tonnes of steel for the Turbine Building

All Turbine Generator columns are now installed and work has begun to build the turbine generator table – where the turbine will eventually sit. To support this 500 tonnes of re-bar is to be installed and a 2500m³ concrete pour will take place at height towards the end of the year.

Reactor Two – Conventional Island

Works on the Turbine Building are progressing, with steel fixing taking place for the raft

Steel fixing works for the raft are also taking place at Reactor Two's Electrical Building too.

Reactor One – Nuclear Island

Tunnelling (water intake and outfall systems)

The project's tunnelling teams have continued to be busy over 30m below the surface of the Bristol Channel. The first intake was completed at the end of last year



The second of the project's four major goals for 2021, the completion of the power station's outfall tunnel has now been completed. It means that two of the three tunnels required for the operational station are now ready with the third making excellent progress.

All segments that make up the rings that line our tunnels are now complete – over 45,000 were

constructed at the facility in Avonmouth.

Supplier Case Studies

Trusted and respected supply chain partner

Wincanton is a leading supply chain partner for UK business with operating centres throughout the country, leading the design, implementation, and management of secure, efficient supply chains, often in highly competitive and compliance driven sectors.

Wincanton

Following selection as a result of a competitive tender process as EDF's selected partner for logistics on the Hinkley Point C (HPC) Project, Wincanton undertakes warehousing and freight services from multiple locations across the South West which are dedicated to the storage and distribution of equipment required for the project.

Wincanton was officially awarded the contract in June 2018 and since then has provided warehousing, asset tracking, asset management, and transport services to deliver and control many items in-line with construction plans. We are delivering these services through a dedicated team of colleagues operating a mixed fleet of dedicated vehicles and providing bespoke storage solutions.

To read more [click here](#).

cornelsen
ltd.

Efficiency pays off for Nailsea company

Being able to respond quickly and efficiently to tight deadlines has paid dividends for

The company secured its very first contract at Hinkley Point C back in 2016 to provide a temporary groundwater treatment plant in just a matter of weeks – the team managed to design and build the plant in around 10 weeks and had it installed on site and partly operational just 12 weeks from the order!

From there, the construction of another groundwater treatment plant was similarly designed and built in a very short space of time – from concept to operation within six months. The plant had triple the capacity of the temporary plant.

Matthew Ingram, Engineering Manager at Cornelsen Ltd, said: “We began to get a reputation for being able to implement equipment really quickly and simply on site and that led to the additional work with mobile units around site as required and installing pipelines or pipe bridges.

“Working on this large project, it was really good to see how our staff evolved to pull together as a strong team when required and how they and the Hinkley Point C and KierBAM teams interacted routinely to provide rapid and substantial solutions to any problems that cropped up.”

To read more [click here](#).

Dealing with material inflation

Zoe Stollard (pictured), Chair of the Hinkley Professional Services Group and a Partner at law firm Clarke Willmott, looks at the challenges posed by the rising price of materials and advises on what firms can do to minimise risks and uncertainty.



Having overcome the hurdles of COVID-19 / safe-working, the construction industry is now faced with a supply crisis. Not only are products scarce or delayed due to Brexit, COVID-19 and the Suez blockage - they are expensive. Lead times are having a major effect on construction contracts across the country, as are soaring prices. In many cases, there is little the contractor can ‘physically’ do but wait and plan.

However, there are certain ‘contractual’ mechanism that might be of assistance.

On an NEC3 contract for example, rising prices might not be an issue for Tier 1 contractors who are on Option E contracts. On these ‘cost reimbursable’ contracts, the contractor can claim whatever the current cost of materials is, regardless of whether this has dramatically increased since signing of contract. At the opposite end of the scale, tier one contractors on Option A ‘fixed price’ contracts are significantly adversely affected by the rising prices having locked into lower pre-pandemic prices.

What can these Tier 1 contractors do about materials inflation?



At Hinkley Point C, the NEC3 contracts are long term frameworks with various task orders being issued for different areas of supply. Each task order can be under a different pricing option within the NEC3 framework. There is potential to divide supply / work stream up and negotiate cost reimbursable (Option E) task orders where current

commercial uncertainty makes fixed price task orders (Option A) too risky for the contractor.

If a fixed price is agreed, Option X1 of the NEC3 contract allows the contract prices to be re-calculated and uplifted every month in line with inflation. This provides a certain level of comfort to the contractors and ensures pricing remains in line with actual cost. However, this only works if the indices used are ones that accurately reflect specific products. The key is to list specific indices in the Contract Data (not just RPI which is the average of many commodities). Another option would be to include provisional cost sums in the contract for certain materials so that the tier 1 contractor would be reimbursed actual cost for these specific materials.

On a project such as Hinkley, it is imperative that contractors focus on forward planning to help actively tackle pricing deficiencies and move away from a “just in time” approach to delivery which clearly is no longer tenable. It is recommended that as soon as you become aware that inflated pricing for delay is likely, this is raised as an early warning triggering a risk meeting between the parties. Raising an issue under NEC3 is a neutral even and is positively encouraged. There is no blame allocation at this stage - it purely allows the parties to review risks affecting the project and proactively discuss potential solutions.

Solutions might be: using equivalent materials, re-programming to bring forward or delay procurement as necessary to accommodate the market, or forward funding to assist cashflow in extreme circumstances where the products need to be secured at current prices.

Communication and collaboration are absolutely key to dealing with issues for the overall benefit of the project. It is of paramount importance that contractors and sub-contractors don't suffer alone, without raising a hand to see if something can be done to resolve the issue or at least lessen the impact.



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