

PART 2: PRICING DATA**TSC3 Option A**

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C2.1 Pricing assumptions: Option A

1. How work is priced and assessed for payment

Clause 11 in NEC3 Term Service Contract (TSC3) core clauses and Option A states:

Identified and defined terms	11	
	11.2	(12) The Price List is the <i>price list</i> unless later changed in accordance with this contract.
		(17) The Price for Services Provided to Date is the total of <ul style="list-style-type: none"> • the Price for each lump sum item in the Price List which the <i>Contractor</i> has completed and • where a quantity is stated for an item in the Price List, an amount calculated by multiplying the quantity which the <i>Contractor</i> has completed by the rate.
		(19) The Prices are the amounts stated in the Price column of the Price List. Where a quantity is stated for an item in the Price List, the Price is calculated by multiplying the quantity by the rate.

This confirms that Option A is a priced contract where the Prices are derived from a list of items of service which can be priced as lump sums or as expected quantities of service multiplied by a rate or a mix of both.

2. Function of the Price List

Clause 54.1 in Option A states: "Information in the Price List is not Service Information". This confirms that instructions to do work or how it is to be done are not included in the Price List but in the Service Information. This is further confirmed by Clause 20.1 which states, "The *Contractor* Provides the Service in accordance with the Service Information". Hence the *Contractor* does **not** Provide the Service in accordance with the Price List. The Price List is only a pricing document.

3. Link to the *Contractor's* plan

Clause 21.4 states "The *Contractor* provides information which shows how each item description on the Price List relates to the operations on each plan which he submits for acceptance". Hence when compiling the *price list*, the tendering contractor needs to develop his first clause 21.2 plan in such a way that operations shown on it can be priced in the *price list* and result in a satisfactory cash flow in terms of clause 11.2(17).

4. Preparing the *price list*

Before preparing the *price list*, both the *Employer* and tendering contractors should read the TSC3 Guidance Notes pages 14 and 15. In an Option A contract, either Party may have entered items into the *price list* either as a process of offer and acceptance (tendering) or by negotiation depending on the nature of the *service* to be provided. Alternatively the *Employer*, in his Instructions to Tenderers or in a Tender Schedule, may have listed some items that he requires the *Contractor* to include in the *price list* to be prepared and priced by him.

It is assumed that in preparing or finalising the *price list* the *Contractor*:

- Has taken account of the guidance given in the TSC3 Guidance Notes relevant to Option A;
- Understands the function of the Price List and how work is priced and paid for;
- Is aware of the need to link operations shown in his plan to items shown in the Price List;
- Has listed and priced items in the *price list* which are inclusive of everything necessary and incidental to Providing the Service in accordance with the Service Information, as it was at the time of tender, as well as correct any Defects not caused by an *Employer's* risk;
- Has priced work he decides not to show as a separate item within the Prices or rates of other listed items in order to fulfil the obligation to complete the *service* for the tendered total of the Prices.
- Understands there is no adjustment to items priced as lump sums if the amount, or quantity, of work within that item later turns out to be different to that which the *Contractor* estimated at time of tender. The only basis for a change to the (lump sum) Prices is as a result of a compensation event.

4.1. Format of the *price list*

(From the example given in an Appendix within the TSC3 Guidance Notes)

Entries in the first four columns in the *price list* in section C2.2 are made either by the *Employer* or the tendering contractor.

If the *Contractor* is to be paid an amount for the item which is not adjusted if the quantity of work in the item changes, the tendering contractor enters the amount in the Price column only, the Unit, Expected Quantity and Rate columns being left blank.

If the *Contractor* is to be paid an amount for an item of work which is the rate for the work multiplied by the quantity completed, the tendering contractor enters the rate which is then multiplied by the Expected Quantity to produce the Price, which is also entered.

If the *Contractor* is to be paid a Price for an item proportional to the length of time for which a service is provided, a unit of time is stated in the Unit column and the expected length of time (as a quantity of the stated units of time) is stated in the Expected Quantity column.

C2.2 the price list

Description	UOM	QTY	Rate	Am
BILL NO. 1				
SECTION NO.1				
PRELIMINARIES AND GENERAL				
Site Establishment	Outage/Maintenance	49		
Site de-establishment	Outage/Maintenance	49		
Health and Safety Requirements (Induction, PPE, Safety File, Medicals, etc)	Year	5 YEARS		
Transport	Outage/Maintenance	22-seater minibus – 2 off		
HP rental & Administration fee	Outage/Maintenance	4 machines		
TOTAL P&G				
SECTION 2				
ALL TRADES BILL				
SUPPLY				
Brass tube plugs	Outage (EA)	14 000.00		
Rubber tube plugs	Outage/Maintenance (EA)	84 000.00		
CHEMICALS				
Hydrochloric Acid	Kg.	240 000.00		
Ammonium Bifloride	Kg.	8000.00		
Tri-Sodium Phosphate	Kg.	2000.00		
Lime	Kg.	80 000.00		
Corrosion inhibitor	Litres	2400.00		
INSTALLATION				
Epoxy coating protruding tubes ends of stainless-steel tubes (3024 tube ends)	EA	3024		
RESOURCES				

CONTRACT TITLE: **The Condenser High/Low Pressure Water Jetting and Chemical Cleaning**

Supervisor(x3)	Hrs.	7 920.00		
Operators(x30)	Hrs.	108 000.00		
Safety officer (x2)	Hrs.	5 280.00		
Quality Inspector(x1)	Hrs.	2 640.00		
Saturday				
Supervisor(x3)	Hrs.	504		
Operators(x30)	Hrs.	5040		
Safety officer (x2)	Hrs.	336		
Quality Inspector(x1)	Hrs.	168		
Sunday				
Supervisor(x3)	Hrs.	504		
Operators(x30)	Hrs.	5040		
Safety officer (x2)	Hrs.	336		
Quality Inspector(x1)	Hrs.	168		
<u>CONSTRUCTION PLANT AND EQUIPMENT</u>				
Hazchem Truck and 30T	Outage	One		
Total Excluding VAT				

The total of the Prices

- **Site establishment and de-establishment must be a once off for period of five years.**
- **This service is for the period of 5 years on an 'as and when required' basis.**