

DELIVERY OF THE NEW POWER GENERATION CHALLENGE REQUIRES OPTIMUM DELIVERY STRATEGIES TO SUCCEED

“All major power generation suppliers have started to review their generation portfolio in light of the Large Combustion Plant directive and UK and European targets for low carbon generation. With competition gaining pace, and a changed construction environment facing power generation companies since the last major build round of the 1950’s and 60’s, they need to develop new delivery strategies to meet the requirements of the investment programmes.”

There are several critical elements of best practice delivery models but the question is whether power generation companies are prepared for the delivery challenge and have given sufficient consideration to the options available.

The partnering ethos

Collaborative working and partnering have been major themes of recent successful major construction projects, for example Terminal 5 at Heathrow. To achieve cost and time certainty that other industries are experiencing a smarter approach to collaborative working will be required.

Despite the many innovative and business arrangements that have been embarked upon under the umbrella of partnering, many power generation companies are not taking full advantage of the partnering ethos or understand the benefits it can bring.

Some companies will continue to operate within a single project environment but experience has shown that behaviours within this environment are still more likely to lead to adversarial issues. The power generation companies who commit to programme incentivisation may see the benefits this can bring, as there is more focus on programme outcomes that are aligned to business objectives. This is opposed to individual project outputs, where individual behaviours can still have a negative effect.

Better engagement

With different levels of project delivery capability within power generation companies there is a growing trend towards outsourcing, and consequently, better engagement with the supply chain is becoming more critical. Power generation companies’ approach to supply chain management varies, as they continue to decide on how much of the supply chain should be retained with client control and how much is passed down to Tier One providers. Regardless of the approach undertaken the supply chain strategy should be aligned to the client’s corporate business goals.

In meeting the new challenges the construction industry presents, power generation companies should focus on the ingredients for a successful delivery model through:

- Securing the right balance between client control and collaboration in the delivery model
- Optimising the blend of different delivery providers to ensure programme objectives are achieved
- Developing effective programme delivery vehicles that can package the number of project deliverables
- Successfully balancing the resource capacity and capability between the client and delivery provider
- Ensuring that an effective programme management office is established prior to programme commencement so that there is full visibility and appropriate control of performance from the outset.

Act now

Implementing and maximising best practice needs to be realised quickly if companies are to be successful. Companies often have the enthusiasm but business functions associated with these areas are often under-resourced in relation to the potential for improving business. Success will depend on whether the UK power generation build programme can implement the optimum delivery strategies and models in a competitive construction environment.

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