



POLICY	
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Subject :	Procurement Policy
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Summary	
This document covers EDF Energy Procurement Policy, for all company spend excluding energy trading (i.e., the purchase of inputs or outputs of the energy production process).	
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1.0 EDF ENERGY PROCUREMENT POLICY

1. INTRODUCTION

The EDF Energy Procurement Department is part of the Business Support Services Department. This document sets out the Procurement Policy within EDF Energy.

2. OBJECTIVE

To ensure that all procurement within EDF Energy is carried out in a consistent manner and is directed towards ensuring that we obtain all works, goods and services at the best overall cost in a timely and ethical manner at minimum risk to EDF Energy.

3. SCOPE

The requirements of this policy are mandatory in all areas of EDF Energy and cover all works, goods and services which are purchased by the company excluding energy trading (i.e., the purchase of inputs or outputs of the energy production process).

4. REFERENCES

1.0 Procurement Process

1.1 "Low Value" Purchase Procedure

1.1.1 Purchase Card Transaction Procedure

1.3 Orders up to £50k without a Framework Agreement Procedure

1.4 Orders greater than £50k and/or High Risk Procedure

1.4.2 Scoping Work Procedure

1.4.3 Sourcing Strategy Development Procedure

1.4.4 Procurement Plan Development Procedure

1.4.5 Procurement Go-to-Market Procedure

1.4.6 Procurement Negotiation Procedure

1.4.7 Procurement Select, Award and Implement Procedure

1.5 Purchasing Transactions Procedure

0.6b Receive Goods Procedure

0.7 Invoice Verification Procedure

5. STATEMENT OF EDF ENERGY PROCUREMENT POLICY

The Director of Procurement for EDF Energy has overall responsibility for the formulation, implementation and development of EDF Energy's Procurement Policy.

The Procurement Department recognises and is responsible for ensuring that all works, goods and services, which are purchased for EDF Energy, are obtained at the lowest evaluated cost, meeting all legal, technical, health, safety, environmental and quality requirements whilst maintaining an acceptable minimum risk to EDF Energy. All procurement within EDF Energy will be carried out in an ethical manner and we will make every effort to ensure that all contractors, suppliers, subcontractors etc. also work in an ethical manner.

EDF Energy will promote continuous improvement through developing effective, appropriate relationships with its suppliers and contractors.

6. POLICY DETAIL

6.1) Both requisition authority (RA) and commitment authority (CA) are required to purchase goods and services. RA is owned by the Branches with individual authorities covered by the EDF Energy Company Authority Limits. CA is owned by Procurement Department with individual authorities covered by the Procurement Authority Schedule (PAS). Procurement of goods and services can only be carried out with both RA and CA. This necessitates approval by both the Branches and Procurement Department for the purchase of all goods and services except where Procurement has delegated Commitment Authority to the Branches as shown in 6.2.

6.2) The Procurement Department has delegated the following Commitment Authority to the Businesses:

- ❑ Low value purchasing using Purchase Cards (base level £2k but can be increased up to £15k if approved by both the Branch and the Procurement Department).
- ❑ Individual orders up to £50k with Suppliers who are available on the Vendor data base as set up by the Procurement Department. Orders cannot be split to be kept below £50k.
- ❑ Call off from all framework agreements and contracts which have previously been established by the Procurement Department.
- ❑ Any specifically delegated Commitment Authority by the Director of Procurement.

6.3) Purchase of high value works, goods and services requires the review and approval by identified members of both the Branches and Procurement Department. Threshold value and identified members to be defined by the specific Branch. This requirement is to ensure that decision makers can contribute to the procurement process at an early stage to maximise added value.

6.4) All regularly purchased goods and services should be covered by framework agreements established by the Procurement Department and subject to the Financial Commitment Review (FCR), or equivalent, process if over £250k (estimated total spend for the agreement period). Only the Procurement Department is authorised to set up framework agreements for the company. The FCR process should be designed to ensure that all relevant Branch and Procurement individuals can agree scope, strategy, supplier base etc. in a timely manner.

6.5) Any purchases over £2k, except when using a purchase card, can only be made with approved vendors, with the Procurement Department being the custodian of the approved vendor list. If vendors are being used on a regular basis then they must be included as an approved vendor following procurement approval.

6.6) In the event that we only plan to use a supplier once a one time vendor can be set up. If, however, further use of that vendor is required it is necessary to request a full vendor set up by Procurement (see 6.5).

6.7) The company must not be committed to expenditure without the appropriate authority being obtained in advance. In the event of a system emergency being declared, however, actions must be consistent with the emergency procedures.

6.8) All personnel involved in interactions with vendors must be fully conversant with the EDF Energy conflicts of interest policy and comply accordingly. The key elements of this policy include:

- No receipt of gifts unless nominal value
- Any acceptance of corporate entertainment must be immediately advised to manager and a quarterly report filed
- Secrecy regarding content of tenders
- No acceptance of any gifts or entertainment during the tender period with any supplier

6.8) Regular communication and effective meetings to be held with critical, high value suppliers and contractors, incorporating representatives from Procurement and the Branches to ensure:

- EDF Energy obtains best value from any agreement/contract
- Technical improvements and opportunities for continuous improvement resulting in reduced overall cost can be progressed

7. RESPONSIBILITIES

It is the responsibility of all individuals involved in the procurement activity to ensure that they have read and understood this policy and associated procedures and only carry out procurement activities if they have the required authority as shown in the EDF Energy Company Authority Limits and the Procurement Authority Schedule.

It should be noted that authority is required to both authorise expenditure (RA) and to commit the company to expenditure (CA). RA is owned by the Branches and CA by the Procurement Department.

It is the responsibility of all managers within EDF Energy to ensure compliance and to ensure those individuals within the team acknowledge understanding of this policy.

Procurement Department is responsible for ensuring that procurement procedures comply with the procurement policy and that the required CA is obtained. The Branches are responsible for ensuring that the required RA is provided to Procurement Department prior to financial commitment of the company.

All framework agreements and contracts must have both a nominated Branch and Procurement owner.

8. RELEVANT LEGISLATION

All procurement within EDF Energy must conform to the European Community (EC) Public Procurement Directive which includes:

The Utilities Directive (July 1994)	European Law
The Remedies Directive (Jan 1993)	European Law
Utilities Contract Regulation (1996)	UK Law

Specific details on threshold limits when the EC Directives are applicable are available from the Procurement Department (approx. £300k for goods and services and £3,800k for Works). The above legislation is available from the EDF Energy Legal Department.

9. CONTINUOUS IMPROVEMENT

The Procurement Department will regularly review the procurement processes to ensure that they continue to reflect our desire for continuous improvement

Continuous improvement is the responsibility of all within procurement but each Procurement Manager is charged with ensuring their specific area operates as effectively as possible and takes account of the need for continuous improvement.

10. PROCEDURE REVIEW

The Procurement Policy and procedures are owned by the Director of Procurement and will be reviewed on an annual basis.

11. DOCUMENT HISTORY

Date	Version	Comments
30 May 2003	0.1	Initial document
21 August 2003	0.2	Updated template and changes to company name
27 August 2003	0.3	Minor wording changes
03 November 2004	1.0	Updating organisational change and emphasis on ethical procurement