Contribution ID: **222** Type: **Oral**

Demystifying a Contract: Why Contract Price is not the Cost of the Project

Cost-overruns are one of the primary concerns for all the main stakeholders in the new nuclear projects: owners, contractors, and investors. Frequently, the projects are described in terms of the amounts, i.e., a "$20 billion contract". However, referring to the "price of a contract"to describe the financial cost of a project is misleading. The price of a contract is likely a reflection of a certain budgetary ceiling estimated by an owner, a project price tag as hoped for by a contractor or some combination of both. That number is at best an approximation - and at worst wishful thinking - until the precise allocation of risks between an owner of a new nuclear project and a technology vendor/contractor has been worked out during contract negotiations. The presentation will provide a foundation of what is meant by "risk allocation"in a contract, identify a few examples of common contractual provisions that contain "hidden costs", and explore the relationships between various provisions that have cost implications. The presentation will be useful for anyone that may be drafting, negotiating, and/or approving a contract for either a traditional nuclear power plant or advanced reactor project.

Country OR International Organization

United States

Email address

ipletukhina@huntonak.com

Confirm that the work is original and has not been published anywhere else

Yes

Author: PLETUKHINA, Inna (Hunton Andrews Kurth LLP)

Presenter: PLETUKHINA, Inna (Hunton Andrews Kurth LLP)

Track Classification: Topical Group D: Considerations to Facilitate Deployment of SMRs: Track 15: Financing, Cost & Economic Appraisals and Contracting Approaches for SMR Projects