



Study Committee A2

## Working Group Form

WG N°: A2.36

Name of convenor: T. Breckenridge/UK

**Title of working group:** Guide for Transformer Procurement Process

### Context

Up to five years ago most utilities had long standing procurement relationships with local suppliers. But in recent years this customer-supplier relationship has changed almost out of all recognition for a number of reasons: loss of technical expertise within customers' organizations, rationalization and globalization of suppliers with shift to overseas supply and new market entrants, increasing supply lead times and increasing material prices. At the same time there has been an increased commercial focus from the customer side which has been driven by regulatory cost pressures. These pressures have influenced procurement strategies such that sound engineering methods no longer feature as a key part of the procurement process. Activities such as a design review are seen as unimportant or, even worse, a waste of time and money by many senior utility managers. The current market supply situation has also led to a significant increase in global transformer procurement, particularly from countries with developing networks and from suppliers that are completely unknown to the purchaser. It is vitally important to ensure effective procurement methods are adopted in order that project success and long term network reliability can be simultaneously delivered. But the indications are the opposite with many customers cutting back their technical input to procurement and relying heavily on the procurement specialists and functional technical specifications. The problem also means that many manufacturers now have great difficulty in determining just what the customer really wants, because the customer himself doesn't know what he needs. It is vitally important for Cigre to raise the profile of the key technical steps, particularly in terms of design review and specification, in the procurement process in order to try to reverse the current situation. Furthermore there is a great need for a better method of factory accreditation than the current ISO 9000 system. Whilst this has helped ensure consistency, it has done nothing to address the true inherent quality of the product being purchased. It is proposed that some form of capability certification is developed and implemented in order to help customers determine whether an unknown supplier really can deliver what is needed.

### Scope and aims

The aim is to carry out a full review and update of the existing CIGRE A2 documents on procurement, taking into account the current market conditions and the new commercial pressures that customers operate under, and also to prepare a new guide for assessing the capability of transformer manufacturers that evaluates technical competence and experience and can be integrated to and supported by the aspects of process control covered by existing quality assurance procedures, e.g. ISO 9000. Simultaneously an article will be produced for publication in Electra to try and get the message over to the senior managers of the purchasers that if good engineering practices are abandoned in the procurement process then poor reliability of transformers in the future will be the likely price.

#### Part I

This part will carry out a review and produce an update to CIGRE Brochure 156 (2000) on Customers Specifications.

#### Part II

This part will carry out a review and produce an update to CIGRE Brochure 204 (2002) on Design Reviews.

#### Part III

This part will provide a new document giving guidance on how to evaluate new vendors to assess their technical competence and experience, with the objective of providing a Capability or Competency certificate which will be acceptable to a wide range of customers.

### Deliverables/time schedule

- January 2008: Starting of the Working Group
- Mid 2009 : Interim Report
- Paris Session of 2010 : Final Report

**Papers issued: Report or Brochure**

**Approved by TC chairman: Klaus Fröhlich**

**Date: 14/01/2008**