



# Supply Chain Specification

---

Logistics Operations - Inventory Planning

18 October 2017

**Enerven**

[www.enerven.com.au](http://www.enerven.com.au)

**Table of Contents**

Table of Contents ..... 2

1. PURPOSE ..... 3

2. SCOPE ..... 3

3. DEFINITIONS, ABBREVIATIONS AND ACRONYMS ..... 3

4. METHOD OF ORDERING ..... 4

5. VENDOR HELD STOCK ..... 4

6. INDICATIVE QUANTITIES ..... 5

7. DELIVERY LEAD TIME ..... 5

8. FORECASTING ..... 5

9. SERVICE LEVEL ..... 5

10. ACCOUNTS ..... 5

11. TRANSPORTATION DETAILS ..... 5

    11.1 Chain of Responsibility (CoR) ..... 5

    11.2 Preparation of goods for transport ..... 6

12. DELIVERY ..... 8

    12.1 Delivery to Central Warehouse ..... 8

    12.2 Direct to Site Deliveries ..... 8

    12.3 Personal Safety ..... 8

    12.4 Shipping Containers ..... 8

13. QUALITY ASSURANCE ..... 9

    13.1 Standards of Reference ..... 9

    13.2 QA Requirements ..... 9

    13.3 Monitoring & Inspection ..... 9

    13.4 QA Process Flow ..... 9

    13.5 Site and Product Specific QA systems ..... 9

    13.6 Warranty Response and NCR’s ..... 9

14. DRAWINGS/ SPECIFICATIONS ..... 10

15. TOOLING ..... 10

    15.1 Retention of Title ..... 10

    15.2 Duty of Care ..... 10

    15.3 Access and Right of Access ..... 10

16. KEY PERFORMANCE INDICATORS (KPI’s) ..... 10

Material Schedule ..... 11

## 1. PURPOSE

The purpose of this document is to provide an operating framework for Suppliers when supplying materials to Enerven Energy Infrastructure Pty Ltd or Enerven Energy Solutions Pty Ltd (hereafter known as “The Customer”), and specifies the minimum end to end supply chain requirements. This specification forms a part of the terms and conditions when supplying goods and services to The Customer.

This document is to be read subject to any Supply Agreement in place with The Customer, and to the extent of any inconsistencies, the Supply Agreement takes precedence. This document may not contain all The Customer’s requirements in relation to the supply.

## 2. SCOPE

This document applies to Suppliers of The Customer’s supply chain engaged in planning, manufacturing, sub-contracting, storage, transport, handling, processing administration and invoicing of goods and services to The Customer.

## 3. DEFINITIONS, ABBREVIATIONS AND ACRONYMS

Term	Definition
<b>AS/NZS ISO 9000:2006</b>	- Quality management systems - Fundamentals and vocabulary
<b>AS/NZS ISO 9001:2008</b>	- Quality management systems - Requirements
<b>Calendar Days</b>	- This is the basic time unit used to calculate delivery lead-times in a supply chain process.  1 week = 7 calendar days (Note: SAP uses Calendar days)
<b>CoR</b>	- Chain of Responsibility  The aim of CoR is to make sure everyone in the supply chain shares responsibility for ensuring breaches of the Heavy Vehicle National Law (HVNL) do not occur. Under CoR laws if you exercise (or have the capability of exercising) control or influence over any transport task, you are part of the supply chain and therefore have a responsibility to comply with the HVNL.
<b>HVNL</b>	- Heavy Vehicle National Law, commenced on 10 February 2014.
<b>Delivery Lead-time</b>	- The number of Calendar days in SAP that is required to deliver materials from placement of PO to receipt into The Customer’s Warehouse or designated delivery address as stated on the PO.
<b>Enerven</b>	- Enerven Energy Infrastructure Pty Ltd (ABN 31 621 124 909 - ACN 621 124 909)  or  Enerven Energy Solutions Pty Ltd (ABN 49 621 147 297 - ACN 621 147 297)  Head Office: 1 Station Place, Hindmarsh South Australia 5007 Postal address: GPO Box 77, Adelaide South Australia 5001

<b>Material Schedule</b>	- An appendix to this document that defines the materials subject to this specification and details any specific requirements for the supply of these materials by the Vendor to The Customer in addition to this specification.
<b>MOS</b>	- Months of Stock. Used to express stock coverage and calculate inventory levels.
<b>NCR</b>	- Non-Conformance Report
<b>PO</b>	- Purchase Order
<b>QA</b>	- Quality Assurance
<b>QTY</b>	- Quantity of a material (usually expressed in the stated UoM)
<b>SAP</b>	- The name of SA Power Networks’ business management system
<b>SAPN</b>	- SA POWER NETWORKS  “SA POWER NETWORKS” means a partnership of Spark Infrastructure SA (No.1) Pty Ltd ABN 54 091 142 380, Spark Infrastructure SA (No.2) Pty Ltd ABN 19 091 143 038, Spark Infrastructure SA (No.3) Pty Ltd ABN 50 091 142 each incorporated in Australia, CKI Utilities Development Limited ABN 65 090 718 880, PAI Utilities Development Limited ABN 82 090 718 951 each incorporated in The Bahamas;
<b>Supplier or Vendor</b>	- The party whom which The Customer is engaging a contract with, to deliver goods or services for The Customer.  For the purpose of this document the Supplier and Vendor have the same meaning.
<b>The Customer</b>	- Refers to any of the following parties as specified within this document, on the Purchase Order or other communications: <ul style="list-style-type: none"> <li>• SA Power Networks (SAPN); or</li> <li>• Enerven</li> </ul>
<b>UoM</b>	- Unit of Measure
<b>VHS</b>	- Vendor Held Stock. This is material held by the Vendor as part of an agreement to service THE PURCHASER’s requirements to the agreement.

#### 4. METHOD OF ORDERING

A duly authorised officer of The Customer will advise details of specific requirements/deliveries via the issue of a Purchase Order, referencing details of existing agreements and/or The Customer’s commercial terms and conditions.

The PO will be sent via E-mail/Fax/Post from The Customer’s SAP system.

Where a PO acknowledgement is requested it must be returned within 24 hours. Where this is not possible the supplier must contact The Customer.

#### 5. VENDOR HELD STOCK

The Customer requests the Supplier to commit to holding VHS in accordance with the quantities or levels stated in the Material Schedule and/or its subsequent updates and amendments.

Vendor held stock is usually required for materials critical to The Customer's business to cover the risk of supply shortages that may occur due to fluctuations in demand or instability in supply of materials.

The range and depth of the VHS shall be determined and agreed to by both parties. Any unapproved departures to this shall be at the Vendor's own risk.

### 6. INDICATIVE QUANTITIES

Any quantities stated as "Indicative" are an approximate indication only to assist both parties in the calculation of estimates, forecasting, or for production planning purposes. It is understood that The Customer will not be liable to commit to indicative quantities.

### 7. DELIVERY LEAD TIME

Delivery lead-times are to be stated in Calendar Days. When converting delivery weeks into delivery days SAP uses Calendar days (i.e. 1 week = 7 calendar days)

SAP will calculate a delivery date for PO's based on the lead-times provided in the Materials Schedule.

Notice of vacation periods, factory shutdowns or any other events that may cause delays that impact on delivery lead-times, must be provided to The Customer.

### 8. FORECASTING

Where material supply forecasting is necessary to ensure supply reliability, it is expected that a process between both parties will be established at the time of implementation of the contract and managed in accordance with operational requirements by both parties.

### 9. SERVICE LEVEL

It is expected that minimum service levels will be achieved with agreed KPI targets as stated in this document.

### 10. ACCOUNTS

All invoices shall be sent to Accounts Payable via the method stipulated on the Purchase Order.

### 11. TRANSPORTATION DETAILS

#### 11.1 Chain of Responsibility (CoR)

The aim of CoR is to make sure everyone in the supply chain shares responsibility for complying with the Heavy Vehicle National Law (HVNL). Under CoR laws if you exercise (or have the capability of exercising) control or influence over any transport task, you are part of the supply chain and therefore have a responsibility to comply with HVNL.

The Customer is required to comply with legislation applicable to CoR. This requirement extends to its Suppliers (including a Supplier's employees, agents, representatives and sub-contractors) to also comply with this legislation and any other instructions as stipulated by The Customer. CoR places responsibilities as well as obligations on all parties engaged within The Customer's supply chains.

The Customer or its independent advisers may perform investigations and audits on our Suppliers. Without limitation, these investigations and audits may relate to the Supplier's systems on drugs/alcohol; vehicles, equipment and personnel; load safety; licensing; driver performance; work scheduling; fleet management; fatigue management; driving hours and speeding; CoR compliance program; Subcontractor assessment and control; record keeping and

reporting and incident notification. Any non-compliance uncovered as a part of these investigations and audits may be treated as a breach of the legislation, this specification and to your Supply Agreement with The Customer.

### 11.2 Preparation of goods for transport

All goods are to be packaged suitable for transport and/or storage, mitigating any risk of product damage during transport and/or risk of environmental or safety hazards.

#### 11.2.1 Weather proofing:

The equipment shall be suitably packed to prevent damage, deterioration and the ingress of moisture and dust during transport from the works to its destination. If the equipment is to be shipped through places where extremes of climatic conditions will occur (e.g. the tropics), then it shall be suitably packed to prevent damage and deterioration due to these conditions.

Where components, small parts or accessories are supplied with equipment, and the equipment has been identified for outside storage, the components' packaging must be designed such that its contents are protected from deterioration.

#### 11.2.2 Palletising:

Where an individual material is supplied in full pallet quantities, the pallet must be wrapped or strapped in a manner that the contents do not move on the pallet.

All wrapping and strapping must be securely fastened and trimmed to minimise risk of injury during transport and receipt.

For rack storage, any pallets used shall be of a **non-returnable** Australian standard hardwood type. The dimensions of the pallet including its contents shall not exceed (W) 1220mm x (D) 1220 mm x (H) 1550mm and maximum weight shall not exceed 1 metric tonne.

#### 11.2.3 Identification:

Every package shall be marked with:

- the name of The Customer's representative
- The Customer's material number (stock item number)
- The Customer's Purchase Order number
- The Customer's serial number (where applicable)
- the Manufacturer's serial number (where applicable)
- gross mass

#### 11.2.4 Load Restraint, Mass & Dimension

All goods must be packaged and/or presented in a manner to ensure that they can be appropriately restrained and secured during transport. This includes, but is not limited to:

- Restraint points must be clearly marked on the goods or load restraint instructions attached to the goods.
- Any points on the goods or packaging that must not be used as restraint points must be clearly marked as such.
- Lifting points (if applicable) must be clearly marked on the goods.
- The base of the item must be such that the goods remain stable during transport.
- The gross mass must be clearly marked on the goods.
- The centre of gravity must be clearly marked on the goods and/or crates.
- The goods and/or packaging must be free of sharp edges or marked that they must be restrained with protection for webbing straps or chains if suitable.
- If goods are packaged in crates or boxes the crates or boxes must be substantial enough to allow the transfer of appropriate restraint pressure to the bearers and the truck or trailer deck to ensure that the goods can be adequately secured during transport without damage.
- Goods must be secured inside crates or boxes.
- Goods supplied in crates or boxes must have restraint, lifting and handling methods clearly marked on both the crate/box and the individual goods indicating methods for transport and handling once the goods have been removed from the crate/box.
- Appropriate vehicles must be selected for transport to ensure that the vehicles mass and dimension limits are not exceeded and that loads can be secured and do not become unstable or fall from the vehicle during transport.

The supplier must provide guidelines detailing appropriate restraint, lifting and handling methods for the goods prior to supply of the goods. These instructions must be re-submitted in the event that there are any changes to the methods.

### 11.2.5 PACKING LISTS AND TRANSPORT DOCUMENTS

#### 11.2.5.1 Sub-assemblies:

Where a shipment consists of or requires the identification of sub-assemblies, the Supplier, before the unit is despatched from the works, shall inform The Customer of:

- The sub-assemblies and separate parts into which the unit will be dismantled for transport.
- The description of each sub-assembly or part as will appear in the packing list together with sufficient information (e.g. by reference to contract assembly drawings) to enable the goods recipient/inspector to readily identify each sub-assembly or separate part.

#### 11.2.5.2 Documentation

A delivery note shall accompany each consignment of equipment and be located so that it can be examined without having to open any crates or packages.

The following information shall be shown on each delivery note:

- the name of The Customer's representative
- delivery point

- shipment date
- shipment quantity
- The Customer's material number (stock item number)
- The Customer's Purchase Order number
- A description of the goods
- The Customer's serial number (where applicable)
- the Manufacturer's serial number (where applicable)
- the crate or package identification number
- the gross weight of each crate or package

## 12. DELIVERY

### 12.1 Delivery to Central Warehouse

#### 12.1.1 Receiving times

The hours for deliveries are:

7.00am and 1.00pm Mondays to Fridays inclusive

(Excluding public holidays)

Deliveries may be arranged outside of normal working hours but the cost, at overtime rates, of providing any unloading and receiving facilities shall be borne by the Contractor.

#### 12.1.2 Delivery Point

Materials are to be delivered to:

**SA POWER NETWORKS or Enerven Central Warehouse**

Gate 2, 500 Grand Junction Road, Angle Park, South Australia

Or; as specified on individual Purchase Orders and other call-ups.

### 12.2 Direct to Site Deliveries

Deliveries to non-SAPN or Enerven sites are by arrangement only.

For direct to site deliveries, The Customer will provide reasonable notice of the required delivery date.

Some of The Customer's sites are unmanned. In all cases (and to facilitate access to such sites) the Supplier will provide final confirmation of the actual delivery time being given on the day prior to delivery.

### 12.3 Personal Safety

Any personnel delivering goods to The Customer's sites must wear appropriate personal protective equipment (PPE) including safety footwear, high visibility vests and hard hats (for unloading suspended loads).

### 12.4 Shipping Containers

Goods delivered in shipping containers must be by arrangement only. When goods are transported in shipping containers, the Supplier shall be responsible for unloading and, where necessary, palletising or re-packaging of goods prior to delivery to The Customer.



## 13. QUALITY ASSURANCE

### 13.1 Standards of Reference

Quality Assurance principles are based on AS/NZS ISO 9000:2006 series or an equivalent National Standard or equivalent Industry Standard

### 13.2 QA Requirements

Quality Assurance requirements for this agreement are based on compliance with AS/NZS ISO 9001:2008 or an equivalent National Standard or equivalent Industry Standard.

Upon request the Supplier must have available a QA Manual(s) or internal processes covering the organisational responsibilities and system elements of the Manufacturer and Sub-contractor(s) to The Customer. It is the responsibility of the Supplier to ensure that the Manufacturer and Sub-contractor quality systems are consistent with the requirements of this Specification.

The Customer may conduct an audit of these systems.

### 13.3 Monitoring & Inspection

The Supplier, Manufacturer and any Sub-contractor shall assure the goods supplied of acceptable quality and fit for purpose.

During the contract period, The Customer or its agent will monitor the effectiveness of the quality system employed by the Supplier. This may include physical inspection of materials and audits of QA procedures.

The Customer may arrange independent verification of products at the manufacturer's or sub-contractor's premises before delivery.

### 13.4 QA Process Flow

Prior to the commencement of production, The Customer may request the Supplier to provide a manufacturing process flowchart covering inspection test points and product QA test plans for the materials to be manufactured.

The Customer may also conduct a QA audit of the Suppliers manufacturing prior to, or during the manufacturing process to verify the above.

### 13.5 Site and Product Specific QA systems

QA systems are site and product specific. Where the product source is different to the direct supplier, the QA requirements of this specification extend to the supply source.

### 13.6 Warranty Response and NCR's

If a Non-Conformance report (NCR) is raised against the Supplier, the Supplier must:

- Acknowledge in writing to The Customer's responsible officer with 24 hours of receiving the NCR
- Propose an action plan to address the immediate non-conformance
- Ensure all warranty and standard NCR's are resolved with fourteen (14) calendar days (or as otherwise agreed by both parties).
- Unless otherwise agreed by both parties, goods requiring return to the Supplier must be resolved within twenty-one (21) days from the date the good were returned.
- Close out actions and advise The Customer in writing, including any findings or corrective actions to mitigate recurrence.

## 14.DRAWINGS/ SPECIFICATIONS

Where the Supplier makes changes to product drawings or specifications, these changes must be communicated to The Customer and agreed prior to manufacture of product.

## 15.TOOLING

### 15.1 Retention of Title

The Customer retains title to any tooling that it supplies to the Vendor; or any tooling that is manufactured by the Vendor (but paid for by The Customer) for the manufacture of The Customer’s products.

The Customer’s owned tooling that is held by the Supplier must be clearly marked “PROPERTY OF SA POWER NETWORKS” or “ENERVEN” (whichever relevant) or something similar, to clearly distinguish it from other items in the Supplier’s possession.

### 15.2 Duty of Care

The Supplier has a duty of care to keep The Customer owned tooling in good condition and working order. Reasonable wear and tear as part of the tooling’s intended use is taken into consideration. However, tooling that is lost or damaged due to misuse by the Supplier shall be replaced at the Supplier’s cost. Any relocation or disposal of The Customer’s tooling must first be authorised by The Customer.

### 15.3 Access and Right of Access

The Customer reserves the right to conduct periodic inspections and audits of its tooling, and reserves the right to take possession of its own tooling at any time, without prejudice to any rights or obligations by either party. It is clearly understood that the Supplier must grant access to The Customer’s representative for such purpose.

## 16.KEY PERFORMANCE INDICATORS (KPI’s)

Delivery performance and product quality are a key focus in a supply chain process. The following KPI’s are used to measure how well the Supplier is performing in these areas.

The Customer will also consider other value adding measures proposed by the Supplier.

<u>Measure</u>	<u>Reporting responsibility</u>	<u>Target</u>	<u>Explanation</u>
On time Delivery	The Customer	95% (H. Best*)	Percentage of goods delivered on time and in full.  On time = Goods are delivered to the requested destination on the agreed delivery date as stated on the PO.
QA Performance (NCR)	The Customer	95% (H. Best*)	Based on 100% of NCR’s responded to within agreed timeframe.
Product Quality (NCR)	The Customer	95% (H. Best*)	Based on the percentage of defect free products delivered in a given period against total number of products delivered.

*\*H. Best means that a high score is the best score.*

## Material Schedule

The Customer Material Number	Short Text Description (max 40 Characters)	Unit of Measure (UoM)	Supplier Part No.	Delivery Lead-time (Calendar Days)	Min Order Qty (if applicable)	The Customer Indicative* Monthly Usage QTY	Agreed Vendor Held Stock (VHS)		Weight (Kg)	Dimensions (LxWxH)	Pack/Lot QTY	Pack Unit of Measure
							MOS	QTY				

\*refer to paragraph 6 (INDICATIVE QUANTITIES) of the Supply Chain Specification.

Note: Changes in any of the above need to be communicated in writing to The Customer.  
 This form is a template only. A spreadsheet with at least the above information may be substituted to better manage a larger volume of data, or additional information as necessary.

Blank Page