

<b>SPEC 2000M</b>	<b>REQUEST FOR CLARIFICATION</b>	<b>(1) Request No. RC OA/01/01 Date: 22 June 2001</b>
<b>(2) Originator: E. TUNON, NAMSA Fax ++352-3063-4131 Date: 18 June 2001</b>		<b>To: OAET Mr. Coquery Capt Drais</b>
<b>(3) SPEC 2000M Reference: Data Dictionary, Data Element Definition, Type of Prices (TOP)</b>		
<p><b>(4) <u>Description of Request for Clarification:</u></b></p> <p>The TOP book considers ten GENERAL Types of Prices from Fixed Definite through Tender Price.</p> <p>To make sure that all the parties have the same understanding on the meaning of the Types of Prices, it would be advisable to have a definition of each and everyone of the General Types of Prices for contractual related purposes.</p>		

**(5) Answer Provided: 29 June 2001 , J.Drais, GAF, MilCochair OAET**

This answer consists of one definition proposal and two further comments on the issue. Please consider that the definition proposal can only be a support to give a deeper imagination of the TOPs, at this stage it is not a binding part of AECMA Spec 2000M.

In comment 2 and 3 you will find arguments which might help to understand why project specific negotiations have to be made before starting to make use of TEI: TOP in a support/procurement system.

**comment 1 , definition proposal (Trevor Shattock)**

01 - Fixed Definite	Price fixed over the life of a contract
02 - Firm	Price fixed over a specified time period in a contract (e.g. may increase year on year)
03 - Maximum	Price will not be exceeded
04 - Provisional	Price requiring further revision
05 - Not Available	No price capable of being used
06 - Indicative Estimate	Price gives an indication of the likely final price
07 - Available on Quotation	Price will be provided on request
08 - Cost Reimbursement	Price will be refunded
09 - Market Price	Prevailing price under ordinary conditions
10 - Tender Price	Prices quoted in response to an Invitation to Tender

comment 2 (Dr. Ute Müller):

There have been questions to this respect previously in the TORNADO project. It turned out however, that there exist slightly different national legal wordings for the various Types of Price, although the general interpretation is similar. It would have been very difficult to find a joint wording acceptable for all Nations.

Therefore only the TOPs to be used in the project were explicitly mentioned in the project guidelines (EPS SSP) together with the rules for invoicing. (E.g. it was agreed that in addition to TOP 01 the TOP 04 "provisional" would be used in the TORNADO project for Price Lists and Invoices. In EPS SSP it is defined that "04" has for German Industry the legal meaning of a maximum price (which can only be lower in fix price agreement), whilst for UK industry it is a provisional price which could be higher or lower when ultimately the fix price is agreed.

Similar interpretations/rules have to be set up for all projects using AECMA Spec. 2000M TOPs depending on the involved Nations and stipulations of the Prime Contracts. AECMA Spec. 2000M cannot overrule or replace the wording of existing National commercial legislation.

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comment 3 + definition from EPS project (Patrick Tranter)

I believe that definitions of type of price should remain omitted from the Spec, and that they should be defined only within the specific equipment projects/programmes. My experience is that pricing rules are so varied between nations that, although standard definitions would seem logical in order that everyone has the same understanding, in practice this is, currently at least, unlikely to occur. A current example may help to illustrate my point:

The pricing aspects of the re-provisioning conference (RPC) procedure within Tornado logistics are currently the subject of much debate, and the 3 NPAs involved are in protracted discussions about which types of price are desirable, practical and realistic - needless to say, they each have a different view, and even a different interpretation of the various TOPs! These TOPs were supposedly agreed at project level, and are still causing problems, so to impose definitions at Spec level, whilst desirable, would be unachievable without very lengthy debate.

I am sure you have access to EPS SSPs, but for completeness, I attach an extract showing the EPS-adopted definitions of the 7 TOPs used in EPS, which cause so much confusion, discussion and debate! I feel sure you will get a comprehensive response from BWB, but we must be careful not to accept any definitions into the Spec which reflect the views/position/rules of one particular nation, which may produce constraints on other nations in other projects.

#### Price types held within CADPS (EPS)

- 06 Indicative Estimate Unit Price. This is an initial figure with no contractual significance which may or may not be exceeded in the final event. This estimate would precede a fixed price and may be used for commitment control purposes.

- 07 Unit Price Available on Quotation. This is a price submitted by the Contractor in response to a specific order or requirement. This quotation is the Contractors' offer of the Price and will normally include all contingencies and profit.
- 04 Provisional Unit Price. A provisional unit price is the price agreed for provisional settlement in advance of the final fixed price where, for instance, the fixed price cannot be agreed in time for supply of the equipment.
- 01 Fixed Definite Unit Price. This is related to unit quantity and delivery period and is the unrevisable final price.
- 02 Firm Unit Price. This is a firm price which may be subject to escalation through application of an agreed escalation formula to bring the requirement into line with given economic conditions.
- 03 Maximum Unit Price. This is an approved maximum price within which the final price must be negotiated.
- 05 No Unit Price Available.