

The PESSM Approach

The PESSM approach is based on solid technical expertise and early logistical planning. Long lead time items are procured early during the preliminary phases of the project to lock-in quality and reduce inefficiencies. Burns and Roe combines engineering and supply chain management to build plants faster, better and less costly from a total performance perspective.

Performance-based Supply Chain Management

Burns and Roe optimizes each step of the procurement cycle, from need identification through solicitation, award, delivery, and installation. The foundation of the PESSM approach is procurement and the schedule benefits associated with smart decisions executed early.

Performance-based Engineering

Getting the right vendor information early is a collaborative effort between engineering and supplier effort that grows with experience. Burns and Roe has developed *Jump Start Specifications* built around equipment configurations. Our PESSM approach means an earlier construction start and flexibility of project schedule.

Performance-based Construction

A construction contractor can rely on performance-based engineering. Most equipment is procured in the early stages of the project, allowing the construction contractor to concentrate on executing a solid design at the project site.

Performance-based Startup

Equipment familiarity is the key to a successful startup. The PESSM approach means standardized training, operational support and spare parts inventory. Our in-depth knowledge will result in a smooth transition to the owner or our own operations resources.

Advantages of a Single Point Engineering and Supply Chain Management Approach

Focus on the "Big Picture"

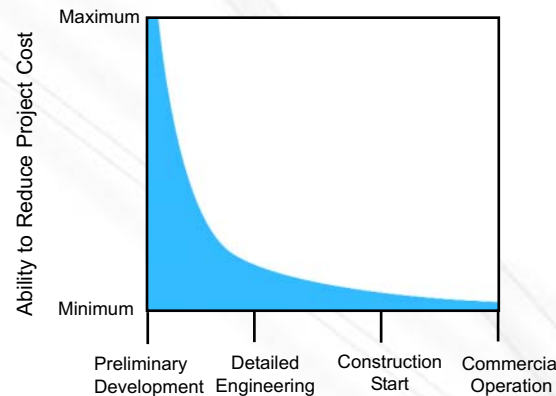
The PESSM approach considers the lowest life cycle cost as opposed to lowest installed cost. This means that your plant will operate at the highest reliability and provide maximum return on your investment.

Stronger Project Collaboration

Engineers and suppliers collaborate early and become an integral part of your project development team. This results in strong communication, a thorough understanding of the scope and minimal contractor rework.

Integrated Decisions Made Early

System design requirements will be made earlier. Design can flow efficiently without a "start and stop" scenario. Contractor induced "unforeseen conditions" will be drastically reduced. A comfortable and flexible schedule float can be established.



The PESSM Approach focuses on the front end of a project to maximize the ability to reduce project cost.

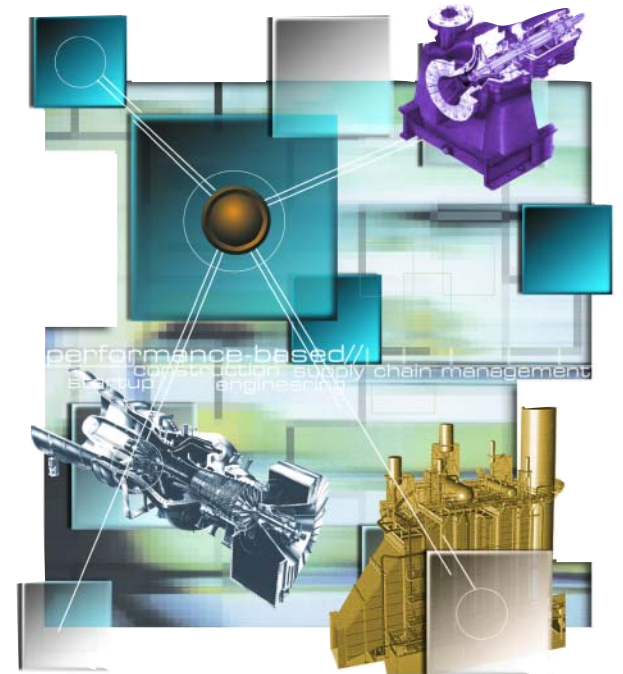


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Performance Engineered SystemsSM

Combining Engineering and Supply Chain Management as a single point responsibility to improve plant performance, meet project schedules and reduce total life cycle cost



BR Burns and Roe

The Need For Performance Engineered SystemsSM

Building a complex energy facility is the result of a series of decisions that grow exponentially throughout the project schedule. Establishing quality vendor information early is critical to ultimate project success. Unfortunately, supplier decisions are often made late in the construction phase, resulting in delayed receipt of design information and limiting the opportunity to reduce installed and total life cycle cost. Burns and Roe's **Performance Engineered SystemsSM (PESSM)** approach is a better way of doing business. The **PESSM** approach mitigates schedule and performance risk by placing responsibility for procurement and technical data collection with the project engineer rather than the construction contractor.

Performance Based Supply Chain Management Combined Cycle Power Plant

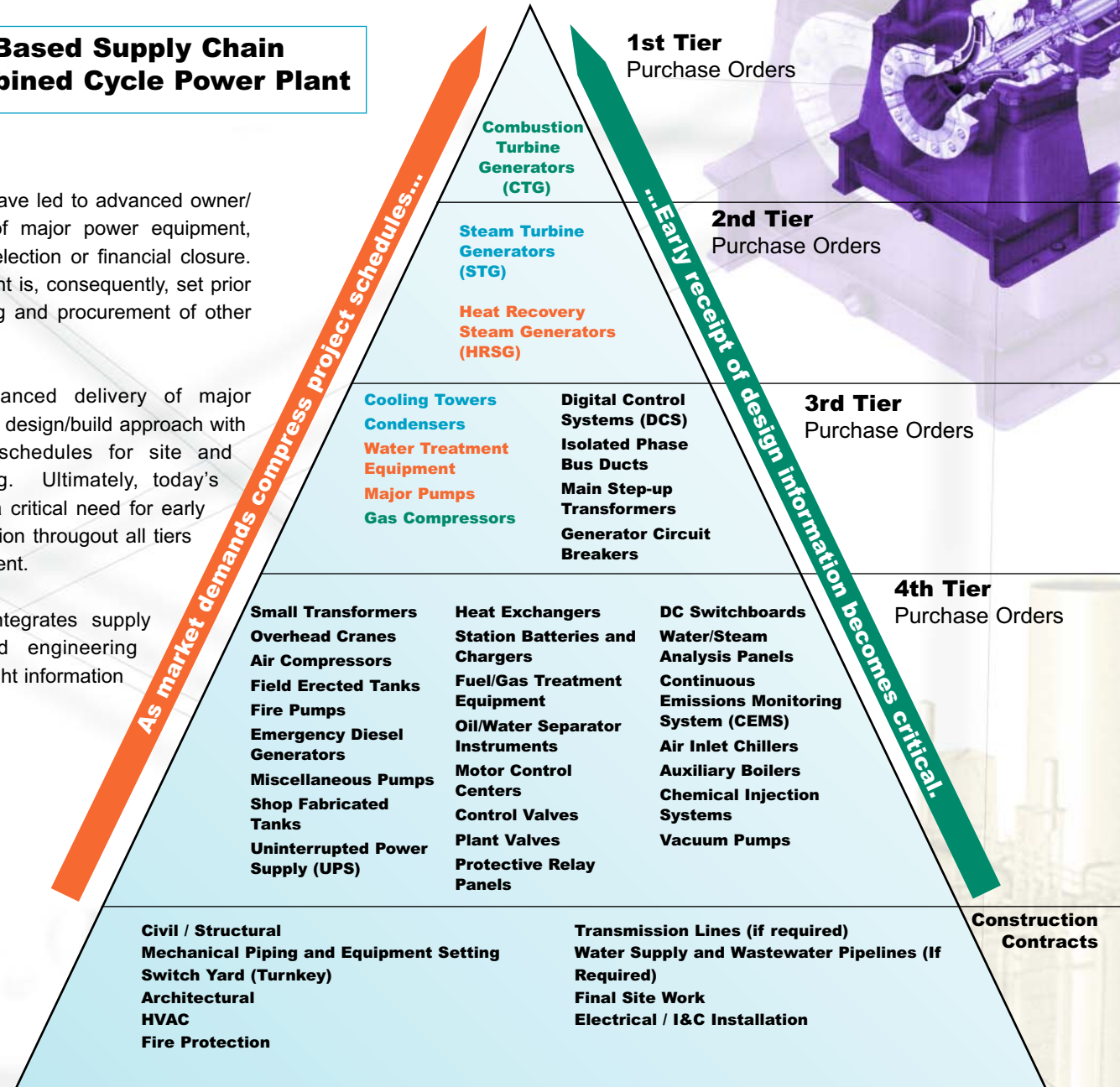
Today's market realities have led to advanced owner/developer procurement of major power equipment, often years before site selection or financial closure. Delivery of such equipment is, consequently, set prior to the start of engineering and procurement of other critical plant systems.

The result of the advanced delivery of major equipment is a concurrent design/build approach with significantly shortened schedules for site and configuration engineering. Ultimately, today's conditions have created a critical need for early receipt of vendor information throughout all tiers of supply chain management.

The PESSM approach integrates supply chain management and engineering expertise to ensure the right information is delivered on time.

Legend:

- Design based on CTG selection
- Design based on STG selection
- Design based on STG & HRSG selection
- Design based on CTG, STG, HRSG selection



The supply chain hierarchy of a typical combined cycle power plant

The **Performance Engineered SystemSM** Approach: Increase Schedule Flexibility and Decrease Project Risk