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Ref MCB/DET

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Dear Sir

### **Transmission Price Control Review - Initial Proposals**

We are writing to clarify AMEC Group Limited's view on the above document in respect of the deliverability of the capital investment programmes.

This is particularly important to us since unfortunately a view expressed by the AMEC representative at the initial proposals workshop on 5 July 2006 cast doubt as to the delivery capacity of the overhead line industry with regard to the programmes proposed by the licensees. It is important for you to note that this was a personal view of the employee without the benefit of high level strategic knowledge of the whole industry and the AMEC strategy.

AMEC has been closely monitoring the high voltage transmission overhead lines/cable build/replacement/refurbishment programme for the next five years and beyond, of which we have been aware for a significant amount of time and have taken considerable steps to prepare our business to participate as a major player in this programme.

As well as pursuing opportunities as an autonomous operation we have formed a joint venture with Babcock – Eve and Mott MacDonald to respond to an opportunity for an alliance with National Grid to deliver their transmission overhead lines/cable programme. The formation of this alliance brings many benefits which will ensure efficient delivery of the programme for the future including:

- All three partners and National Grid provide professional design resource with access to the Mott MacDonald and AMEC global networks.
- We will be able to build the project management team and operatives using the best man for the job principle, drawing from the experienced resources of the joint venture partners groups plus the resources of National Grid; this approach reduces the management number demand.
- Long term visibility of the workload allows us to plan and manage our resources to meet the delivery programme efficiently and will allow us to develop a human resources strategy to meet future resource demands across all levels of the team.

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Delivery management, supervision and operative personnel will be sourced and developed from our current resource levels. Training to increase these categories will be via our existing dedicated technical training facilities (which we have recently developed in anticipation of this programme).

A similar approach has had a positive impact on confident resourcing for the gas distribution network replacement programme.

We trust the above clarifies the position and the confidence that AMEC as an organisation has in the ability of ourselves and our partners to deliver the programme of works required by National Grid.

Should you have any queries, please do not hesitate to contact me.

Yours faithfully

Marc Boulter  
**Managing Director**