

Balfour Beatty

Utility Solutions

Date: 20th September 2012

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Dear

Sir/Madame

RIIO-GD1: Initial Proposals – Balfour Beatty Utility Solutions response to consultation

Thank you for giving us the opportunity to respond to the Initial Proposals, which is a positive step, in gaining a rounded perspective of the industries view. Whilst we recognise and understand those views put forward by the Energy and Utilities Alliance, we are keen to provide a contractors perspective, focussing on training, innovation and efficiency. We feel these areas are particularly relevant to Balfour Beatty Utility Solutions (BBUS) and the wider contracting community.

We feel that a continued, further investment in skills development is key to the success of the industry. Working in an industry where an ageing workforce is a significant issue we are concerned around the reduction in investment into bringing apprenticeships into the market. We firmly believe that a greater and continued investment in skills is required to meet the demands of the market.

From a contractors perspective, we feel the industry should continue to maximise the opportunity to invest in innovation. It is BBUS' views that only by allocating innovation budgets to the Gas Distributions Network Operators will this flow through the supply chain.

BBUS continue to see innovation as a key differentiator and hence invest significantly in this area, which when complimented with the GDN's drives benefit for the industry. We are currently investigating, supported by our Gas Distribution contracts, innovation in the rehabilitation of gas mains. Through this continued drive to innovate the market will achieve the efficiency challenges being set.

We are also concerned in the reduction of the Large Diameter mains replacement, and value the undertaking of this work to maintain and improve the health of the overall gas networks. Our primary concern is around skills being lost in this area due to the reduction of this work type, and the lack of subsequent investment to backfill these skills.

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