

Network Innovation Competition Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	NGETEN01	Question Number	2
Question date	15/08/13	Answer date	19/08/13
Submission section question relates to	MSB – Screening Submission Pro-forma, Page 1 and MSB - Full Submission Pro-forma, Page 1		
Topic	Project Costs and Timescales		
Question	Please provide the reasons for the significant increase in total project cost (£9 million to £12.3) and timescales (between 2 and 2.75 years and 4.25 years) between the initial and full submission stages.		
Notes on question			
Answer	<p>The Initial Screening Proposal costs were based on high level estimates and included a range of +/- 30%. This largely concentrated on the likely value we would be requesting from OFGEM.</p> <p>The development of the detailed programme identified some additional risks and uncertainty to the initial proposal which requires some contingency to ensure the project can proceed:</p> <ul style="list-style-type: none"> • The initial estimates around technology assumed some cost increase but not an accelerated 400kV product development and manufacturing programme, which will include elements of bespoke design. Consequently, the revised amount that OFGEM is being asked to approve has marginally increased due to uncertainty and contingency around equipment costs. • The first installation will require additional resource to manage the change and transition from existing processes to a new regime. National Grid is largely absorbing the resource and installation costs 		

	<p>in their direct contribution.</p> <p>The extension in project duration is largely to manage contingency around:</p> <ul style="list-style-type: none"> • Underestimating the culture change necessary to introduce this new philosophy into the first deployment. The decision was taken that to best manage this risk and any delays in installation or commissioning the project should be delivered over two outage seasons. This project will be interactive with other real schemes on the network so we need to retain some flexibility in the programme. • Equipment manufacturing may take longer than initially thought, because this will be a bespoke development and likely to require additional product development or modification to make the 400kV equipment mobile.
Attachments	
Verbal Clarifications (Consultants)	