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Your ref

Our Ref

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Contact / Extension

Alan Michie

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Dear Peter,

Consultation on Project Assessment of the proposed Beauldy-Mossford Reinforcement under the RIIO T1 SWW arrangements

I am responding on behalf of SP Transmission to this consultation.

We note that Ofgem has identified a “weakness” in SHE Transmission’s procurement process in that SHE Transmission carried out the tendering process before completion of site investigation works resulting in suppliers being asked to tender for works without complete information on the full scope of the works. We agree that it is important, where possible, to initiate the tender process after completing the site investigation works. However there are circumstances where the transmission companies will have no choice but to tender early to meet critical delivery timescales required to minimise system / constraint costs and/or ensure that there is not a knock-on effect on other critical transmission works. This need to tender early can, for example, be caused by a delay in obtaining government consents or local consents, in which the cause of the delay is outwith the direct control of the transmission company. A good example of such circumstances is SP Transmission’s experience on Beauldy-Denny. We believe that tendering early is not necessarily a “weakness” in the procurement process and it is important that Ofgem takes such circumstances into account when undertaking any assessment.

In terms of the overall assessment of risk/contingency costs, our own delivery approach involves managing a number of different contracts with risk/contingency costs being built up by taking a balanced view of the likelihood of the risk materialising against individual project elements. Although SHE Transmission uses a different delivery approach for Beauldy-Mossford, it is still important that their risk/contingency costs are carefully assessed in order to provide the right level of risk/contingency provision.

If you have any queries please do not hesitate to contact myself or Alan Kelly on 0141 614 1736.

Yours sincerely



Alan Michie
SP Energy Networks