

James Norman
Ofgem,
9 Millbank,
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Dear Mr James

Please find below Carillion's response to the North West Coast Connections – Consultation on the project's Initial Needs Case and suitability for tendering. We hope that you find our response helpful and we would be delighted to discuss it with you in person.

Question 1: Do you agree that there is a technical need for the project if Nugen's project goes ahead?

Yes we agree that there is a technical need for the project if Nugen's project goes ahead.

Question 2: Do you agree that connecting the Moorside site using four 400kV circuits is appropriate and compliant with SQSS requirements?

We agree that the proposals for the 400kV connection to the Nugen project seems to be appropriate and compliant with the SQSS requirements

Question 3: Do you agree with our initial conclusions?

In respect of your 2.41 of you initial conclusions, we concur with your view that there will be a technical need for four 400kV HVAC circuits to connect the proposed Nuclear Power Station at Moorside.

We also consider that NGET's proposals seem to be sensible and logical in respect of the proposed options and routing.

We agree and acknowledge that there is still significant uncertainty, particularly around the finalisation of the proposed option, route planning, access and programme, and understand that these will be taken into account in the Final Needs Case assessment.

Question 4: Are there any additional factors that we should consider as part of our Initial Needs Case assessment?

None that we feel worthy of comment on.

Question 5: Do you agree with our view that:

(a) the overall project meets the criteria for tendering?

We agree that the overall proposals for the connection of the Moorside Nuclear PowerStation meet both the High Value and Electrical Separability criteria thresholds for competition under the new CATO regime.

(b) the potential sections meet the criteria for tendering?

We also agree that each of the proposed sections also meet the High Value and Electrical Separability criteria thresholds established for competition.

Question 6: What are your views on our deliverability assessment for:

(a) the overall project?

We support the overall proposals and timelines outlined in the consultation, which we acknowledge are dependent on securing the legislative changes and NuGen agreeing a CfD.

(b) the potential sections?

In respect of the proposed North Section, we concur with your assertion that the North Section of 81km of double circuit 400kV HVAC overhead line between Moorside and Haker together with the proposed new sub-station at Moorside and the Stainburn sub-station connection / modifications should be kept under review, as it seems likely that the need for site supplies could further delayed.

We consider that the likely delays to the overall project may provide the opportunity for the Proposed North Section to be competed and delivered under the CATO regime.

Question 7: What are your views on the need for overall coordination of the whole NWCC project if the project were to be split into packages with different delivery parties?

We recognise that each of the three proposed sections contains specific technical and construction challenges, with differing risk profiles and technical delivery requirements. In our opinion these differing technical delivery requirements and risk profiles together with the size of the overall financing requirements dictate the need for logical sectionalisation the project in line with the present proposals.

Question 8: If some, or all of NWCC were to be tendered, what, in your view, is the most appropriate allocation of risks across the relevant parties (TO, CATOs, and consumers)? How should these risks best be managed?

The allocation of risk can impact on both participation and price. Our belief is that participants will have, and be able to demonstrate, systems for the management of risk in complex financial and engineering projects such as the NWCC. In our experience the best way to minimise the potential impact of risk on both participation and price is through clarity and the removal of uncertainty.

In this respect we consider the key areas of risk are associated with planning consents, property rights, access agreements, DNO agreements and the potential constraints which the DCO imposes. The completeness and quality of the agreements made by NGET will be a one of the key factors in establishing the risk profile for the project. One of the other key areas in our experience will be the constraints imposed by the DCO which can, in our experience, significantly impact on programme, constructability and project risk.

Clarity on the completeness of the property rights, access agreements and any constraints agreed by NGET, together with a clear schedule of the issues which still require agreement will assist in the removal of uncertainty in these areas.

In areas where negotiations with stakeholders are incomplete at the time of the tender process, dependent on the progress and relationship with the relevant stakeholders, it may be beneficial to allow NGET and its agents to continue with negotiations where this is considered to provide the best pathway to reach an agreement. We see this as a complex area which will need to be considered on a case by case basis.

Question 9: What are your thoughts on the substation modification and extension works at Harker and Middleton, in the context of efficient CATO delivery, including the options presented in this document?

From a technical delivery viewpoint, we see no reason why the sub-station modification works at Harker and Middleton could not be delivered through the CATO arrangements.

If this were the case, operation and maintenance of the CATO assets at Harker and Middleton would need to be considered. We believe that there are established models which provide for the management and joint operation of sub-station sites through segregation of assets and access, which could be adopted.

Yours sincerely

Richard Turner
By Email