

Newark Works
Castle Road
Port Glasgow
Renfrewshire, PA14 5NG

Edward Mountain
Convenor
Net Zero, Energy & Transport Committee
Scottish Parliament
EH99 1SP

22 December, 2022

Dear Mr Mountain,

Update on Hulls 801 & 802

The overall progress since my last report, apart from the LNG sensor issue, highlighted to you separately, has been broadly in line with the revised budget and schedule set out in my letter to you 28th September.

The target date for completion of 801 Glen Sannox (GS) remains end May '23 and for 802, end March '24.

Challenges continue to arise, and we are tracking risks and opportunities in categories:

We assess progress weekly for 801 against:

- Issues arising which affect the critical path – e.g., LNG
- Safety issues as we start to go-live with systems
- Design issues
- Internal supply-chain issues – labour and materials
- Contractor issues

And for 802 against:

- Completion of structural consolidation
- Completion of design cleansing and production of work-packs
- Capturing of lessons learned from 801
- Renegotiations with 14 key contractors
- Target launch date 1st week Aug '23 - and associated programme plans
- Resource migration from 801 and programme management ramp up

The target remains completion of GS before the end of May '23, except for the LNG vacuum skids, which, despite best efforts by Wartsila, have slipped back to the 36-week delivery on site by July '23. We will continue to try to expedite these and decisions on commissioning timing can be best made in Feb/March '23 with SG/CMAL/CalMac once more definite information is available.

We continue to find design gaps on GS and both supply-chain and contractor issues, but nothing yet significantly affecting the critical path. Staff sickness in Wartsila OY Finnish team on site, now returned home, has meant the starting of main engines and generators has slipped to January but this doesn't yet affect the critical path.

Fit out of mechanical equipment will start on 802 in January followed by piping work with our main pipework contractor. Other contractors and systems will follow in turn.

The Contractor will be in the FMPG warehouse in Greenock between Xmas and New Year, with a small team supporting from FMPG, to plan the process of bringing large numbers of pre-made pipe-spools from the warehouse into the yard for installation on ship.

Overall, we will use the departure of GS to dry-dock in late February as a milestone to reassess confidence of meeting the target delivery dates, meanwhile, apart from the LNG Skids, we are managing the continuing list of "unknown-unknowns" that arise on GS and continue the planning for a more efficient outfitting and commissioning on 802, learning from GS.

The February date will also be a good opportunity to re-assess 802 and the structural consolidation progress, design cleansing process and the progress with fit-out.

The opportunity with BAE for FMPG to support their Type 26 programme continues to develop well and during the next 3 months, we aim to transfer surplus labour onto this programme progressively reducing the yard overheads assigned to GS and 802, i.e., we aim for this and other work to absorb the inevitable increase in surplus skills during 2023 as GS moves towards the end of commissioning and handover, and 802 moves from structural work to key outfitting trades with key contractors.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Tydeman', with a horizontal line underneath.

David Tydeman
Chief Executive Officer