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

19th April 2024

Dear Mr Mountain,

Update on Glen Sannox and Glen Rosa

I write further to my letter to you of 28th March 2024. We have now completed a review of the projected schedules and estimated final costs for both vessels namely **Glen Sannox** and **Glen Rosa**.

Since my last letter, I am pleased to confirm that the three significant events planned to be performed in that time frame, and already highlighted in our Risk Registers, have now been successfully completed, namely:

- **Dry docking and hull inspection (in particular, by the MCA) of Glen Sannox;**
- **Additional builder sea trials for Glen Sannox; and**
- **Launch of Glen Rosa**

As a result of the completion of these three important steps towards the delivery of both vessels, we are now able to provide an update with an increased level of confidence behind it.

Glen Sannox

We have reviewed the forecast cost to deliver Glen Sannox, previously reported as within the range £145.5m to £149.1m, and we remain confident we can close within this range. The cost of warranty period remains out with these figures.

However, the installation and commissioning of the LNG system, a first in class for UK shipbuilding, remains particularly challenging. An underestimation of complexity, the degree of difficulty of the installation, the lack of available expert knowledge and qualified resources in the UK in relation to marine LNG systems, has disappointingly contributed to further slippage in the progress that we have been able to make in the last few weeks, and consequently our previously proposed schedule. Regrettably this will result in a delay of the delivery of this fully commissioned dual fuel system vessel, now targeted for the end of July 2024.

Following my appointment, the team has now determined a more focussed approach to the completion of the vessel, separately identifying four critical elements as follows :

- **Completion of all activities not affected by LNG, by the start of May 2024;**
- **Completion of installation of LNG systems, by the start of May 2024;**
- **Completion of LNG system 'set to work', by mid to end of July 2024; and**
- **Sign off the vessel by MCA and Lloyds, by the end of July 2024.**

So, to confirm, our targeted date for handover to CMAL is now 31st July 2024.

We appreciate and fully understand that there will be disappointment in all quarters, and particularly in Arran, for this further delay.

Glen Rosa

Previously we advised a revised launch date of 9th April for Hull 802 which the yard achieved, and she was named Glen Rosa. She was considerably heavier than the Glen Sannox when she was launched, reflecting our improved approach to the contract compared with FMEL.

Again, we have reviewed the forecast cost to complete, previously reported as 'not to exceed a maximum of £150m' for Glen Rosa, and we remain confident we can deliver it within this budget.

Action is being taken to confirm a robust schedule for the delivery of Glen Rosa, including utilisation of lessons learned on Glen Sannox, and we remain confident that the previously reported delivery date of Sept 2025 is achievable, and we remain committed to achieving this day.

We will update you again at the end of May.

We would also like to take this opportunity to invite you to the yard at your earliest convenience.

Yours sincerely,

John Petticrew
Interim CEO