

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

26 February, 2024

Dear Mr Mountain,

Interim update on Glen Sannox, Hull 801 & Hull 802

In our letter to you 2nd February, we undertook to update you with an interim update on revised costs and timelines. We can now confirm that latest forecasts have been submitted to Scottish Government this morning as follows:

Glen Sannox

Following reassuringly positive 'Builders Sea Trials' 13-16th February, we are currently updating the programme to completion, with the remaining 'Builders Trials & Owners Trials' to take place after the dry-docking booked for 3-7th April. Through this we expect to increase the confidence already building in the ship and her future with the fleet.

In the weeks after docking the initial focus will be on the final work on commissioning, particularly the LNG systems, followed by inspections throughout the ship that will lead to a successful handover. Completion remains targeted for 31st May, although final inspections and trials may require some more time, hopefully weeks and not longer. We are in weekly discussion with the '801 Acceptance Group' as noted in our letter 2nd February to you.

The forecast cost to complete has risen from the £142m (£130+£12m) set out in September 23 by 2-4% and we aim to close within £145.5-149.1m.

Hull 802

Following the progress with reaching completion on Glen Sannox, we have been able to look again at the full scope of work and the learning from Glen Sannox and have developed a robust plan of nearly 10,000 individual packages of work (work-packs) for FMPG staff and contractors to complete on 802.

We have previously set out to your committee that there has been significant re-work on Glen Sannox through legacy issues and design and construction errors in the early stages with FMEL and FMPG post administration. Our aim is to avoid all such re-work on the second ship, and it should also be noted that the starting points for Glen Sannox and 802 for FMPG were significantly different. FMPG will have delivered

a much larger percentage of the overall build of 802 than 801 overall and started with much less installed by FMEL before 2020. We have had more opportunity to build 802 differently and the strategy of deferring the outfitting work until we have finished the build of Glen Sannox creates the scope to avoid the extensive re-work encountered on Glen Sannox.

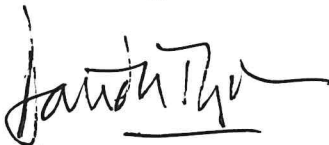
Consistently over the past 18 months, we have set out that Glen Sannox has been a complex design and engineering challenge, made harder by many legacy issues with the past, administration, and pandemic impacts.

We have also set out that 802 will be a delivery challenge, well planned, with contractors engaged and the opportunity to complete the build more efficiently. We have established a strong delivery team experienced in building second in class vessels and focused on outperforming the first build.

The forecast cost to complete is now set at a 'not to exceed maximum of £150m' and due to some cascade impacts from Glen Sannox, our target delivery has moved to no later than September '25. We have already proved we can do many things better on 802 than on Glen Sannox and we aim to complete 802 at a stretch target below £140m and up to 3 months earlier than the September '25 deadline.

As discussed in your visit last week, 23rd February, we will provide a fuller quarterly update at the end of next month.

Yours sincerely,

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

David Tydeman
Chief Executive Officer