

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD222

Title: Arrangements for Advance Electricity Connections

Executive Summary:

The availability of timely and cost competitive connections for developers to London's electricity distribution system is an important part of London's infrastructure development. This project will allow remedies to the current barriers to timely and cost competitive electricity to be devised and put to the Government.

Decision:

The Assistant Director approves:

1. Expenditure of up to £12,000 to procure the consultancy services of Ramboll UK Limited in order to devise, in conjunction with UK Power Networks (UKPN), mechanisms for sufficient investment to take place in London's electricity distribution infrastructure.
2. A related exemption from the requirement of Section 4.1 of the GLA's Contracts and Funding Code to procure competitively the services to be provided by Ramboll UK Limited.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT: Stephen Tate

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Stephen Tate

Position: Assistant Director - Environment

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 In November 2013, after a competitive tender, the GLA appointed consultants Ramboll UK Limited under an earlier related project (entitled: Electricity Connections – ADD78) to report on the barriers to effective access to London's electricity distribution system and the level of risk it presented to London's future growth.
- 1.2 Following production of the report and representations to Michael Fallon (Minister of State for Energy) by the Mayor and others and meetings with the 10 Downing Street policy unit, it was accepted that there are barriers to securing the required level of investment that should be addressed, with a view to removing them. The GLA have been asked, in conjunction with UK Power Networks (London's principal distribution network operator) and in consultation with others, to devise proposals for consideration by government, the regulator Ofgem and others for changing the current regulatory arrangements to ensure adequate investment in new electricity infrastructure in advance of need.
- 1.3 The GLA now requires support from consultants Ramboll UK Limited, who prepared the report referred to above, to construct detailed proposals to take forward under the agreed programme of action.
- 1.4 The work required of the consultants will result in expenditure of up to £12,000 plus VAT.
- 1.5 Officers acknowledge that contracts with the value of that proposed should under, section 4.1 of the GLA's Contracts and Funding Code ("Code"), be procured competitively or by way of "calling off" from an accessible framework. However, section 5 of the Code provides that exemptions from that requirement may be approved where the contractor in question has had previous involvement in a specific current project or the services in question are a continuation of existing work which cannot be separated from the new project/work.
- 1.6 Ramboll UK Limited have had previous involvement in the project, as the provider of the services required for the report noted at section 1.2 above. As a consequence they have an in depth understanding of the background to, a considerable amount of experience of, information and intelligence, on the project and it is unlikely that an alternative provider could provide a more economically advantageous bid if the opportunity were to be competed. Therefore, the approval of an exemption from the requirements of section 4.1 of the Code is sought.

2. Objectives and expected outcomes

- 2.1 The project is to devise, in conjunction with UKPN, mechanisms for enabling sufficient investment to take place in London in advance of need, to enable the infrastructure to accommodate future requirements for electricity connections in a timely and cost competitive way. The remedies, if adopted, would be implemented on a UK wide basis.
- 2.2 The expected outcome is a proposed mechanism for ensuring the required level of investment in advance of need, including identification of the role of UKPN, the GLA developers, Ofgem and other stakeholders will play in ensuring delivery of the investment and that the risks associated with making more investment in advance of need are appropriately apportioned and managed.

- 2.3 The expected outcomes will include measures to ensure electricity consumers are not adversely affected.

3. Equality comments

- 3.1 The decision involves expenditure to enable the preparation of a desk based study for presentation to a committee with expert knowledge of the issues for them to evaluate its merits. The preparation and delivery of that study will have no impact on equality issues.

4. Other considerations

- 4.1 Ensuring that London's electricity distribution infrastructure has the capacity to accommodate London's planned growth is fundamental to realising the Mayor's plans. Through the action already taken to put the case for change to the current regulations, both in the form of lobbying and preparing sufficiently well worked technical proposals, there is an opportunity to secure necessary change which may not recur. Ensuring that the GLA is resourced technically to make best use of this opportunity is therefore important.

5. Financial comments

- 5.1 Approval is sought to spend up to £12,000 to procure consultancy services in order to devise, in conjunction with UK Power Networks (UKPN), the local electricity distribution network operator, mechanisms for sufficient investment to take place in London's electricity distribution infrastructure.
- 5.2 The expenditure of up to £12,000 for this is to be met from the existing Business Energy Challenge 2014-15 budgets (allocated from Environment non-statutory 2014-15 Programme budget MD1378).
- 5.3 As this work is consultancy based, officers have to ensure that the requirements relating to consultancy services within the Authority's Financial Regulations and Expenses & Benefits Framework are adhered to.
- 5.4 All requisite budget adjustments will be made and any changes to this proposal must be subject to further approval via the Authority's decision-making process.
- 5.5 The Environment Team within the Development, Enterprise and Environment Directorate will be responsible for managing this project.

6. Legal Comments

- 6.1 Officers have indicated in this report that:
- 6.1.1 the decisions requested of the assistant director fall within the statutory powers of the Authority to do such things which may be considered facilitative of or conducive or incidental to the promotion of economic development and wealth creation in Greater London; and
- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

a) pay due regard to the principle that there should be equality of opportunity for all people;

- b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- c) consider consulting with appropriate bodies.

6.2 Paragraph 4.1 of the GLA's Contracts and Funding Code (the "Code") requires contracts with the value of that proposed should be procured competitively or by way of "calling off from an accessible framework. However, section 5 of the Code provides that exemptions from that requirement may be approved where the contractor in question has had previous involvement in a specific current project or the services in question are a continuation of existing work which cannot be separated from the new project/work. Officers have indicated that this is the case here. The assistant director may therefore, approve an exemption from the Code, if satisfied with the content of this report.

6.3 Officers must ensure that an appropriate written contract is put in place with Ramboll UK Limited and executed by both parties before the commencement of the services in question.

Planned delivery approach and next steps

The planned delivery is as follows -

Activity	Timeline
Consideration of UKPN's initial proposals for change in the regulatory arrangements	Completed by 5 th July 2014
Attendance at meetings with UKPN/DECC/Ofgem and others to develop proposals	July –August 2014
Technical Working Group meetings to consult with developers and other stakeholders on the draft proposals –concurrent with above	July –August 2014
Delivery of completed proposals to a 10 Downing Street chaired meeting	Early September 2014
Completed proposals agreed in principle by the parties	End September 2014
Project Closure	October 2014

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form –NO

ORIGINATING OFFICER DECLARATION:

Drafting officer
to confirm the
following (✓)

Drafting officer

Robert Tudway has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

HEAD OF GOVERNANCE AND RESILIENCE:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:

Date: