

North East Pipelines Limited



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**Specialists in the
Refurbishment, Replacement
and Renewal of Water
Mains throughout the UK**



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We understand the complex requirements of cross country projects and the aim to minimise the damage caused to the easement top soil, sub soil and land drainage.



AMP6

Maximising performance to unlock efficiencies

The end of 2013 saw the publication of South West Water's draft AMP6 Business Plan to Ofwat, which represents a 19% increase on its AMP5 spend of £730M.

This is approximately £138M more than in AMP5, reflecting increases in expenditure to address bathing and shellfish water improvements.

The increased level of investment will continue into the AMP7 period between 2020-2025 as a result of further envisaged legislation (adoption of customer supply pipes) and other investments the utility has chosen to defer to AMP7 including duplication of strategic water mains and investment to reduce leakage levels.

Early last summer, water regulator Ofwat published details of the methodology it intends to use to assess water companies' business plans for the next AMP, which starts in 2015.

The methodology relates to water supply and sewerage in England and Wales and makes it clear that the water industry's emphasis is shifting from the 'ticking regulatory boxes' approach of previous AMPs to focusing on value for money for customers. For the first four AMP periods, water companies' business plans were dominated by the need to meet tough European Union legislation covering issues like wastewater quality and wildlife habitats. This resulted in a focus on building new facilities, including treatment works, interceptor sewers and outfalls that would contribute to cleaning up wastewater discharge.

Although there is still a handful of large capital projects to be completed, such as the Thames Tideway, the current regulatory period, AMP5, has seen the start of a shift that is set to continue into AMP6 and beyond.

They will see water companies trying to get the most out of their existing assets and finding ways to minimise total costs of operation.

Ofwat's methodology document made it clear that water companies should be focusing on what it called 'long-term outcomes', which it hopes will encourage innovative ways of working that will deliver services for less money, and with less impact on the environment.

As a result, the regulator expects to see substantial efficiency savings being delivered during the five-year AMP6 period.

At the same time, Ofwat wants to encourage companies to manage water supplies more sustainably. It believes this will happen because the companies will no longer have a bias toward capital

intensive and resource intensive solutions, and because it is introducing incentives to encourage the water companies to trade water and to source it from areas that do not damage the natural environment. This shift in emphasis is leading to water companies looking for different skill sets from their supply chains – expertise that will help them make more of existing assets.

The focus on long-term thinking is also being reflected in the way some water companies are looking to procure the firms that will deliver work during AMP6, with many opting for alliances, or for frameworks that run beyond the traditional five-year AMP period. Although it doesn't start until next year, many have already started appointing delivery teams for AMP6 so they can hit the ground running when Ofwat signs off the funding.

South West Water's £868M draft plan is split, consisting of:

- **Capital investment to maintain stable serviceability - £570M.**
- **Bathing and shellfish waters - £73M.**
- **North Plymouth Water Treatment Works - £54M.**
- **Metering - £31M.**
- **Advanced anaerobic digestion - £30M.**
- **Transferred sewers and pumping stations - £29M.**
- **Drinking water quality programme - £25M.**
- **Upstream thinking - £14M.**
- **Water mains rehabilitation and conditioning - £12M.**
- **PUROS and iOps - £11M.**
- **Resilience - £10M.**
- **Downstream thinking - £9M.**

In this particular business plan, the key areas will focus on targeted innovative investment such as the new water treatment works planned for North Plymouth.

It will focus on operational ways of working and an extension of the innovative Phased Utilisation of Remote Operating Systems (PUROS) initiative that is being implemented between 2010-2015. Energy procurement and usage through targeted investment in energy efficiency is important, as are renewable energy generation schemes.

The £54M North Plymouth Water Treatment Works will be a ➤





strategically important investment – a new drinking water treatment facility at Roborough has been evaluated many times historically. The utility now has the go-ahead on the basis that the case has been transformed economically by following the assessment of a 21st century treatment process, characterised by lower whole life costs. According to the plan, the solution will deliver an efficient treatment process with low energy requirements and very low chemical and waste production as well as a much reduced embedded and operational carbon cost.

The investment will also liberate a large area of developable land in a heavily constrained site in Plymouth.

With £73M spent on bathing and shellfish waters, this is the biggest area of increased investment compared with AMP5, resulting from the Statement of Obligations and National Environment Programme requirements that have been translated into a programme of improvement works and agreed with the Environment Agency and Natural England.

Other key elements include a customer tariff freeze in 2014/15 and 'revenue smoothing' into AMP6 (2015-2020) and average bills set to be below inflation up to 2020.

Many other water companies have already laid out their plans for the AMP6 framework.

Atkins, MWH and Jacobs have already started working on a ten-year engineering consultancy framework for Severn Trent Water that will span AMP6 and AMP7. The contract started last August, and is worth between £8M and £25M a year.

These three consultants are working alongside Severn Trent's staff during the feasibility stages of the company's investment programme.

Severn Trent Water's Services Director, Andy Smith, said: "These new partnerships are about being an integrated team, delivering our objectives to achieve common goals."

United Utilities (UU) currently spend approximately £600M a

year maintaining and improving its water and wastewater networks. It has started the process of letting contracts and framework agreements for AMP6, some of which will be awarded for up to 12 years, taking them into AMP7.

Applications for the role of engineering services partner to help develop and implement its AMP6 capital programme closed in August, with a possibility that the role could be extended into AMP7. While this process is under way, UU has shortlisted 11 possible suppliers for the construction delivery partner framework and is in negotiations.

Southern Water opened up prequalification for delivery partners for the AMP6 programme, with successful firms likely to be sharing between £600M and £1.1Bn of work. The company is looking for four delivery partners, who had until October to express an interest.

Southern Water is also looking for a strategic solutions partner to provide support during the definition, feasibility, preferred option identification and outline design stages of AMP6 projects. This contract is valued at between £100M and £200M.

Thames Water is the most advanced of the water companies in its procurement for AMP6, having announced in May the list of firms in its 'super-alliance'.

Thames Water Asset Director Lawrence Gosden has described the decision to appoint an alliance for AMP6 as a 'complete transformation' of the way the company delivers capital investment. He said: "The tender process started with extensive consultation with our supply chain to form a delivery strategy with collaboration at its heart, and it ended with us joining forces with some of the leading names in the industry.

"We have a significant amount of work to do, upgrading our deteriorating infrastructure over the next 25 years and beyond, while keeping customers' bills affordable. If we were to achieve this, a different approach is required."

Thames Water's AMP6 alliance is made up of two design and

build consortiums, a programme manager and a technology and innovation provider.

Costain Veolia Water Atkins (CVA) and Skanska MWH Balfour Beatty (SMB) won the design and build bid, MWH is the programme manager and IBM the technology and innovation provider.

Anglian Water is in the middle of procuring contractors for its AMP6 framework, with the 2015-2020 investment likely to be worth approximately £2Bn, though the successful bidders could find their contracts extended into the AMP7 and even AMP8 investment periods to 2030, which could take this figure to between £6Bn and £9Bn. Yorkshire Water has named eight contract partners and three framework consultants that will deliver the AMP6 programme. The consultants are Arup, MWH and Turner and Townsend, while the contractors are Byzak Entec, Earthetch Morrison, Morgan Sindall Grontmij, Barhale WSP, Mott MacDonald Bentley, Balfour Beatty and Morrison.

As a chosen service partner for the Yorkshire Water AMP6 framework, Morrison will support the delivery of an investment programme designed to continue to guarantee a resilient and secure supply of safe drinking water to almost five million people and 140,000 businesses across the Yorkshire region.

Morrison will continue to work on Yorkshire Water's clean water infrastructure assets, carrying out investigation works to design and deliver appropriate totex solutions.

This contract will operate alongside Morrison Utility Services' existing water services agreement contract undertaking repair, maintenance and meeting services on Yorkshire Water's networks.

The partnership between Morrison Utility Services and Yorkshire Water has seen many projects already undertaken. Essential water quality improvement commenced in July on Adel Lane in Leeds. It is part of Yorkshire Water's capital investment in the pipe network to maintain high standards of drinking water and prevent discolouration of the water supply.

Work lasted seven weeks and involved excavations along a section of Adel Lane to enable access for the water pipe to be re-lined.

Essential water quality improvement work was also undertaken on King Lane, Alwoodley, in July, which is also part of the capital investment in the pipe network.

Morrison again worked on this, excavating along King Lane in order to enable access for the water pipe to be re-lined.

As with the Adel Lane scheme, a road closure was required on King Lane between the junction with The Avenue and the junction with Alwoodley Lane.

A temporary and signed diversion was in place but vehicular access was maintained for residents and the businesses along the section remained open as usual. Work on this project is now complete. Due to the success of this partnership, it has been extended into the AMP6 regulatory period.

Charles Morrison, Chief Executive of Morrison Utility Services, said: "We are delighted to have secured this extension to continue our long term relationship with Yorkshire Water and we look forward to supporting the delivery of engineering services that will result in serviceability improvements in the supply of water to customers. "We would anticipate that the value of work in AMP6, assuming a similar workload to AMP5, could be in the region of £50M to £75M.

"Over recent years we have forged an excellent, collaborative relationship with Yorkshire Water and our focus is to continually drive improvements whilst keeping disruption to customers to a minimum.

"We will also look to continue to identify, invest in and deploy innovative processes and solutions that are safe, cost effective and ensure the customer's experience remains positive."

Balfour Beatty has worked with Yorkshire Water through every AMP cycle since 1994 and Chief Executive Andrew McNaughton, said: "We are delighted that our long relationship with Yorkshire Water will continue into the next AMP cycle.

"This is an important time for our clients in the water sector as they face more challenging regulatory requirements and we are committed to supporting their objectives through continued investment in new technology and the delivery of exceptional service." ■





North East Pipelines Limited specialise in the refurbishment, replacement and renewal of water mains throughout the UK using various techniques such as :-

- **Open Cut**
- **Direction Drilling**
- **Pipe Insertion**
- **Pneumatic Molding**
- **Pipe Bursting**
- **Chlorination**
- **Pressure Testing**

We have a dedicated work-force who are loyal supporters of North East Pipelines Limited and understand the long term commitment we offer to them. Most of our team have over 20 years' experience in the water industry and we believe this experience shines through in the quality of the work we deliver.

Although trenchless techniques are the preferred option due to the reduced impact on the environment and cost savings, there has been a growing demand for new large diameter open cut projects and this is also where North East Pipelines excel.

We understand the needs of farmer and land owners; and having land drainage experience, we understand the importance of identifying existing drainage schemes on cross country projects so that they can be repaired quickly thus minimizing drainage issues after completion. We recognise the need to keep topsoil and sub soil separate and again, this reduced claims from land agents/farmers and helps in the restoration process.

We have under taken various large diameter cross country projects and are proud of our ability to have easements fenced, soil stripped, pipe installed pressure tested and chlorinated, soil replaced and reseeded all in the same year.

North East Pipelines Limited has built successful relationships with many clients and continue to work safely and effectively throughout every project. We take pride on our high level of service and work closely with our clients to ensure their needs are met through each

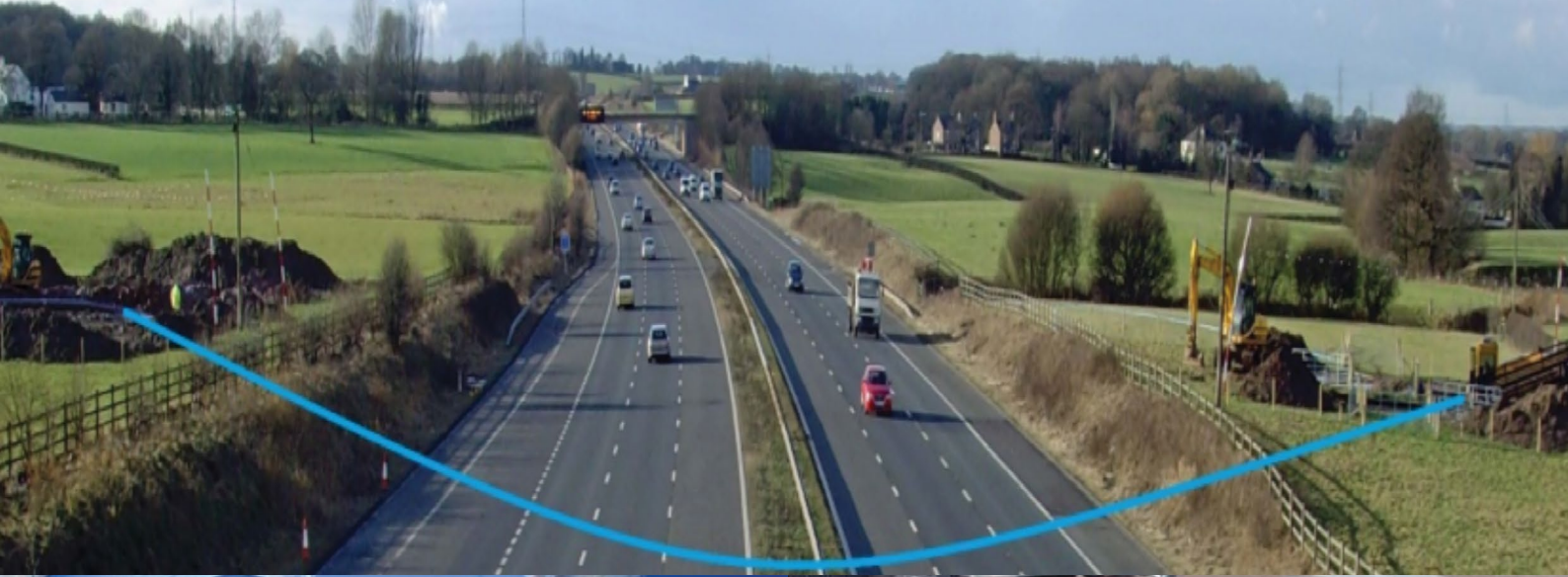
stage of the project with the overall aim of being safe and within the agreed budget and deadline.

Being focused on the role new technology developments play in the utilities industry, North East Pipelines continues to expand its range of HDD equipment. We strive to deliver the most efficient, cost effective solution for all our clients' open cut and trenchless needs with the help of a dedicated and experienced workforce.

North East Pipelines have specialists' teams able to use directional drilling to install small and large diameter underground infrastructure water mains. This technique is used for crossing waterways, roadways, congested areas, environmentally sensitive areas, and areas where open cut methods are not practical.

Directional Drilling is an often overlooked alternative that can greatly increase sustainability by massively reducing the volume of plant required, the use of imported aggregates and minimizing local traffic disruption.





***Safety is our number
one priority and we
always ensure a safe
process is in place for
all the company's
operations.***





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North East Pipelines has many years' experience within cross country water pipeline and cross country ducting for the water, electricity and telecoms sectors.

We cover the whole of England, Scotland and Wales for all of our services including cross country pipelines and ducting, as well as direction drilling, pressure testing and chlorination capability, for all major clients, main contractors and for private work.

In the last few years, we have completed various complex projects including:
Glossop 6km of 400mm PE,
Knutsford 12km of 400mm PE,
Northallerton to Thirsk 10km of 450mm PE.

Including Special drills such as:
M56 120m of dual 400mm PE,
River Bollin 300m of Dual 400mm PE,
A556 80m of 400mm PE and the
East Coast Railway 100m of 250mm PE.

