



National Audit Office

**Department of Energy and Climate Change**

# Carbon capture and storage: lessons from the competition for the first UK demonstration

## Methodology

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**MARCH 2012**

# Methodology

The main elements of our fieldwork, which were undertaken between November 2011 and January 2012, were:

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## Selected method

**1 Assess** the Department for Business, Enterprise and Regulatory Reform's project set up documents against good practice (NAO, Initiating Successful Projects, 2011).

**2 Review external challenge** assessments by the Office of Government Commerce, the Major Projects Review Group and the Major Projects Authority that report on project progress and risks to the competition.

**3 Review** key competition documents and bid evaluations.

**4 Review** of programme governance and risk management documentation: including minutes of steering boards and departmental approvals committee, financial data, risk registers, cost and time estimates and walk-away price analysis and internal progress reports.

**5 Review of** Front-end Engineering and Design (FEED) monitoring and evaluation reports.

## Purpose

To understand the Department for Business, Enterprise and Regulatory Reform's approach to management of the competition – including its rationale for the design and conduct of the procurement, analysis of feasibility and cost risks and use of options appraisal to inform decision-making.

To inform how project management progressed during the competition and to contextualise the Department and its predecessor's understanding of risks and decision-making at key points.

To understand the design and operation of the Department's competition and methodology for selecting bids.

To understand how the programme was managed, and risks and progress assessed.  
To understand how negotiations with the final bidder were handled and progressed.

To understand how the Department managed the FEED process and establish the outputs from the studies.

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| Selected method   | Purpose  |
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| <p><b>6 Semi-structured interviews</b> with current and former officials in the Department and its predecessor and departmental advisers, including:</p> <p><b>Department and its predecessor</b></p> <p>Former Director General</p> <p>Chief Executive of Office for Carbon Capture and Storage</p> <p>Chair of Project Challenge Panel</p> <p>Current and previous project Senior Responsible Owners</p> <p>Current and previous project Commercial Directors</p> <p>Project Technical Director</p> <p>Project Financial Director</p> <p>Lead Negotiator</p> <p>Project Consultant Advisors (KPMG, Freshfields, PB Power)</p> | <p>To understand how the competition was managed, and risks assessed.</p>  |
| <p><b>7 Stakeholder interviews</b> including:</p> <p><b>Other Government Bodies</b></p> <p>HM Treasury</p> <p>Major Projects Authority</p> <p>Members of the Major Projects Review Group</p> <p><b>Participants in the competition</b></p> <p>ScottishPower</p> <p>Shell</p> <p>National Grid</p> <p>E.ON</p> <p>PEEL Energy</p> <p>RWE</p> <p>BP</p> <p><b>Industry Associations</b></p> <p>Carbon Capture and Storage Association</p> <p><b>Expert Commentators</b></p> <p>Committee on Climate Change</p>  | <p>To identify key risks to delivery as perceived by industry and consumer stakeholders and how these have been reflected in the Department's decision-making.</p> |