

## **1. Division into Subcontracts**

Eltra is the owner and has invited tenders for the cabling and contractor's work involved in accordance with the EU tender rules.

Tenders were invited for the cabling contract and the construction work as two separate contracts.

French Sagem was awarded the contract for the delivery of cables for the project. Sagem supplied the cable with accessories and was in charge of the installation of all joints and terminations. Furthermore, Sagem supervised the construction activities and approved the working methods applied. Sagem acted as supervisor in connection with the laying of the cables and was in charge of the testing of the cable sheath after each cable pulling operation. Finally, Sagem performed the final high-voltage tests following completion of the installations.

The Arkil-Stürup consortium was awarded the contract for the construction work. Arkil-Stürup has been responsible for obtaining line information, obtaining excavation permits and agreeing practicalities in the field together with Eltra's inspectors.

Eltra has conducted negotiations with the authorities and landowners. Eltra has signed agreements with all the parties involved concerning the execution of the project. Eltra has inspected the work and has, in collaboration with the contractor and the cable supplier, taken an active part in the realisation of the project.

As mentioned above, Sagem has inspected the work on a continuous basis, warranting that the work has been carried out in accordance with the guidelines stipulated in the terms of the cable delivery. The division of the contract into subcontracts has thus not affected the warranties attaching to the system.

Eltra has coordinated the work and has assumed the risks inherent in the division of the contract into subcontracts. The division has been based on experience from similar construction projects, for example the establishment of new overhead lines and substations. The division into subcontracts may result in considerable financial gains, but does of course also entail a certain risk compared to a turnkey contract. When the subcontract model is chosen, the owner must devote resources to the continuous inspection and supervision of the construction work. By assuming this responsibility, Eltra has obtained in-depth knowledge of the finished system, which will be an advantage in the subsequent operating phase.

*Illustrate the division into two subcontracts: Cable delivery and construction work. Eltra as inspector.*