Dear Mr Taylor,

Thank you for providing oral evidence to the Environmental Audit Committee’s inquiry into UK Export Finance (UKEF) on 19 March 2019 and for your follow up letter on 27 March 2019. In relation to this evidence, we have some further questions relating to UKEF’s support for ENKA UK’s participation in power plant construction in Iraq and your monitoring process for domestic procurement. I would be grateful if you could answer the following questions:

The Committee heard that the Samawa and Dhi Qar plants would both use natural gas as their primary fuel. In your letter to the Committee you stated that:

“The Iraq Ministry of Electricity (MoE) has provided a written commitment to ensuring that Natural Gas is available as the primary fuel for both the Samawa and Dhi Qar power plants by March 2019”.

However, ENKA’s website states that the Samawa plant will use heavy fuel oil and the Dhi Qar plant will use crude oil as their primary fuels, both with light distillate oil and natural gas back-ups.

“The main fuel to be used at the Samawa plant is heavy fuel oil. The back-up fuels for the plant are light distillate oil and natural gas.” Source: https://www.enka.com/portfolio-item/samawa-750-mw-combined-cycle-power-plant/

“The main fuel to be used at the Dhi Qar plant is crude oil. The back-up fuels for the plant are light distillate oil and natural gas.” Source: https://www.enka.com/portfolio-item/dhi-qar-750-mw-combined-cycle-power-plant/

• Is the website out of date, or has there been a change to the primary fuel choices for these plants? If so, why?
• UKEF told the Committee that it expected that $250 million from these two projects, around 40% of total finance, would be procured from the UK supply chain. What is the total value of UK content procured in this project to date? Which companies have provided, or are contracted to provide, UK content to these projects?
• How does UKEF monitor and ensure the minimum 20% of a project is procured from the UK?
• The Committee heard that ENKA UK received £88 million (maximum liability) initial stage financing from UKEF in supplier credit and letter of credit guarantees for the Samawa and Dhi Qar projects. What is the value of support by UKEF to ENKA UK for phase 2 and any subsequent phases?
Thank you for your ongoing cooperation with this Committee’s inquiry. I trust that you will be in a position to provide the Committee with this information at your earliest opportunity.

Mary Creagh MP
Chair of the Environmental Audit Committee