

Dear Sam and Paul

Please find below comments of a material nature on the document 'Offshore Electricity Transmission – A Joint/Ofgem/BERR Regulatory Policy Update'. These comments are provided on behalf of NGET (acting in its role as GBSO). I would be happy to discuss any of the items as required.

1. The current project has been based on a set of policy assumptions which were developed against an assessment of the scope of the Round 1/Round 2 projects. Some of these assumptions may no longer be valid when viewed in the light of the significant volume of offshore renewables envisaged by Round 3. To give a particular example of where this would be an issue:

- The Offshore SQSS is limited to radial connections to wind farms of up to 1500MW located up to 100km from the connection point to the onshore system. For Round 3 it may be determined that an integrated network may be most appropriate. Should this be the case there would be a significant impact on the Grid Code in areas such as fault ride through, voltage control etc.

Further thought is needed on a) whether extending the Scope of the current project to include Round 3 would impact the timely delivery of the regime for Round 1 and Round 2 projects and; b) Whether Round 3 should be looked at as a parallel activity and; c) how enduring will be the regime that is currently being legislated for?

***NGET would be happy to assist Ofgem/BERR in identifying those areas in the current project which may be impacted by the Round 3 proposals.***

2. The consultation states the need for further SQSS work to be undertaken, e.g, working with CDGSEE to extend the scope of the cost benefit analysis to include Round 3 considerations and to review thresholds for offshore transformers. The additional SQSS work, unless it is a parallel activity, is likely to extend the time it takes to finalise the SQSS and may have consequential impacts on the codes, in particular the Grid Code and may impact the timing for readiness of the regime.

***NGET recommends that the scope of the current project, i.e. the changes that are being developed for designation at Go-active in April 2009, should be frozen now to minimise the risk of any delay to the project. Any additional changes required should be considered separately in due course.***

3. The consultation makes reference to a number of potential issues with the treatment of CAP48 compensation for faults on the onshore network that restrict access on the offshore transmission system and with the proposed OFTO performance incentives relating to capacity delivery and operational availability. There are a number of issues here that will need to be addressed, some of which are interactive with the charging proposals being developed by NGET.

***NGET would welcome the opportunity to discuss the way forward in this area with Ofgem.***

4. The consultation indicates that the DCUSA would be treating National Grid as an IDNO. National Grid would then, potentially, be charged under up to 14 different

DNO charging methodologies. Consideration needs to be given as to how NGET will be able to pass these charges through.

We also note that the consultation proposes developing standardised arrangements in the DCUSA and Distribution Code that would apply should NGET choose to seek a connection option for an offshore transmission system via a distribution system. We consider that these standard arrangements should be developed, and that there should be engagement between NGET, DNOs and OFTOs prior to having to use these processes 'live' for the first time. This could be facilitated via reconvening the Offshore Transmission Embedded Transmission Working Group.

***NGET would welcome further detail of how the interfaces between NGET and DNOs and OFTOs will work in practice. It would be of value to trial these processes prior to them having to be used in a live environment for the first time.***

5. Whilst not explicitly mentioned in the Consultation Document, the concept of NGET providing a Completion Notice to the Authority in respect of offshore transmission systems has been included in the transmission licence drafting. It is currently not clear to NGET what work would be associated with providing such a notice, and whether it would involve a detailed testing process to verify compliance with the relevant industry codes and statements.

***NGET requests further detail from Ofgem on the precise nature of the completion notice and what exactly NGET would be expected to do in drawing up the same.***