

To all with an interest in offshore
electricity transmission

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Date: 24 January 2014

Dear colleague,

Information about future offshore projects

As you are aware, Ofgem and DECC introduced a regulatory regime for offshore electricity transmission in 2009. A key part of the regime is that offshore electricity transmission licences are granted to an Offshore Transmission Owner (OFTO) following a competitive tender exercise run by Ofgem. The regime is being delivered in two parts: a transitional regime, under which 13 tenders have been run, and an enduring regime, which is due to commence in March 2014 with Tender Round 3.

To inform our work on the future offshore regime, we are seeking to update our understanding of offshore generator developers' ("developers") plans for future offshore transmission projects. This builds on the information provided during bilateral meetings and in response to our similar letters of previous years.

Future offshore regime

Under the transitional regime, there has already been over £1.4bn of investment, with a further £1bn expected through the remaining transitional tender exercises. It is expected that future offshore projects will deliver billions of pounds of additional investment over the next decade.

In July 2013, we published statements which set out our updated position on the future offshore regime and coordination policy and in October 2013 we published a consultation on the transmission licence for Tender Round 3 and our decision on Interest During Construction (IDC) for offshore transmission projects.¹

We also published a consultation² on 10 January 2014 setting out our proposals for non-developer-led Wider Network Benefit Investment. The submissions period for responses to this document is still open. If you have not yet had the opportunity to respond, we welcome comments by 7 March 2014.

Project information

We are seeking updated information on developers' plans for future offshore transmission projects. Having the most up to date information will be critical to ensuring the tender

¹ These and other publications can be found on the [Offshore transmission webpage](#)

² <https://www.ofgem.gov.uk/ofgem-publications/85497/nondeveloper-ledwnbiconsultation.pdf>

process is designed and implemented in the most timely and appropriate way to meet the needs of future projects.

To take this forward, we request that you fill in and return the attached table with information on your project plans. Please complete a separate table for each project as appropriate. In addition, it would be helpful to provide us with high level project plans where possible to further inform our understanding of your projects. Note that there is no need to complete the table for projects where a tender is currently being run, or will commence shortly.

In order to most helpfully feed into our internal planning, we ask that you return the table by Friday 28 February by email to offshore.enduring@ofgem.gov.uk. Please note that any information provided will be used for internal planning purposes only and will be kept confidential. Furthermore, the provision of this information will not be considered binding – we are seeking to understand your current thinking in this area.

We intend to continue our engagement with you at meetings and events during the course of this year. If you have not recently done so, we would encourage you to arrange a meeting with us to discuss your particular project plans privately in the context of the future offshore regime. In order to arrange such a meeting, or if you have any questions about this letter, please contact me or my colleague Philip Smith (Philip.Smith@ofgem.gov.uk or 0207 901 7199) in the first instance.

We look forward to hearing from you.

Yours sincerely,

James Norman

Head of Offshore Tender Design and Delivery