



BY EMAIL:

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RWE Renewables

9 December 2022

Dear Offshore Licensing Team,

Re: RWE's response to the consultation on proposed modifications to Offshore Transmission licences

About RWE

RWE is a leading energy player with four main operating companies, of which three are active in the UK, including RWE Renewables, one of the world's leading renewable energy companies.

In the UK, RWE employs over 2,600 people and generates enough power for over 10 million homes, with a diverse portfolio of onshore and offshore wind, hydro, biomass and gas across England, Scotland and Wales. For a broad picture of the scale of our projects in the UK and Ireland, please see our infographic [here](#).

We have an ambitious commitment to expand our renewables portfolio in the UK, with around one-third of our planned global gross capex spend by end-2022 being invested into the UK. This is mostly on offshore wind, including our flagship Triton Knoll and Sofia projects.

RWE and its project partners have also signed Agreements for Lease with The Crown Estate to extend our existing Gwynt y Môr (North Wales), Galloper and Greater Gabbard (Suffolk), and Rampion (East Sussex) offshore wind projects. Most recently, we were successful in securing Preferred Bidder status for two further offshore sites amounting to 3,000MW in the Round 4 Leasing Round by The Crown Estate. We also have a significant and growing onshore renewables presence, with over 600MW of onshore wind in operation across 33 sites. We have ambitious plans to expand this portfolio out to 2030.

Our key points of feedback in relation to the details in this consultation are:

[redacted]

Please find our response to Ofgem's consultation below. We would be happy to discuss our response.

Kind regards,
Beatrice Troiano Polo

OFTO Manager, RWE Renewables
Proposed modifications for licences to amended standard condition E12-A1

Proposed modifications for licences to amended standard condition E12-A1

We agree with the proposed modifications to ASC E12-A1 in order to ensure that the definitions are consistent with UK law.

[redacted]

Proposed Modification to ASC E12-J4 Part C (Incremental capacity incentive adjustment)

We note that Ofgem is still considering how the cost recovery process in ASC E12-J4 Part C would work in practice.

Further clarity is needed on the definition of “incremental investment adjustment”, but in the context of providing additional capacity to the Network, we think these costs should be paid for by the party benefiting from the incremental investment. For example, if the installation of ancillary services will benefit consumers through a more reliable Network then the cost should be underwritten by them. If the additional capacity allows a new generator to connect onto the Network then the costs should be underwritten by them.

We also note that Ofgem is considering how/whether an OFTO can be protected for any outages necessary to facilitate increased capacity on the offshore transmission system with the affected OFTOs and the ESO. We consider Ofgem should be mindful of ensuring that the affected generator is also included in these conversations. If the works were undertaken by the OFTO to benefit consumers, the costs would need to be economically and efficiently assessed by Ofgem and generators would require some form of indemnity, or a compensation mechanism in its licence equivalent to the OFTO’s Exceptional Event mechanism, whereby they are reimbursed for lost revenues.).

Wherever an OFTO participates in the ancillary services market in such a fashion as to reduce output (and therefore leading to curtailment of the connected windfarm), it is essential that the windfarm is kept financially whole, and does not face imbalance charges for the actions taken by the OFTO.

Any reforms that could allow an OFTO to recover additional costs from the connected generator(s), beyond the TRS agreed at the outset of the OFTO lease period, imposes additional risk on the generator. An economically rational generator includes any such risks its CfD bids – increasing costs to end consumers (irrespective of if any additional cost actually materialises). It would be more economically efficient to recover additional costs through the demand residual, as this way consumers only face additional costs as/when they arise. The exception to this is where benefits accrue only to the specific generator connecting to the OFTO (as opposed to any benefits that might be said to be accrued by all generators).