

THE ELECTRICITY ACT 1989

NOTICE UNDER SECTION 49A OF REASONS FOR MODIFICATION OF THE TRANSMISSION LICENCE

THE TRANSMISSION LICENCE OF DIAMOND TRANSMISSION PARTNERS HORNSEA TWO LIMITED

1. The Gas and Electricity Markets Authority (the **Authority**) granted a transmission licence (the **Licence**) under section 6(1)(b) of the Electricity Act 1989 (the **Act**) to **Diamond Transmission Partners Hornsea Two Limited** (company number: 14059418) (the **Licensee**), whose registered office is at Mid City Place, 71 High Holborn, London, United Kingdom, WC1V 6BA, on 13 July 2023, authorising it to participate in the transmission of electricity.
2. A copy of the Licence is available by email from library@ofgem.gov.uk, or can be obtained from the electronic Public Register at <http://epr.ofgem.gov.uk/>.
3. In granting the Licence the Authority modified the standard conditions of the Licence and the modifications (as proposed) are set out in the Notice under Section 8A(3) of the Act that was published on the Ofgem website at [Notice under Section 8A\(3\) of the Electricity Act 1989 \(Hornsea Two\) | Ofgem](#) on the 5 May 2023.
4. In summary, the reasons for the modifications are in relation to:
 - (a) **standard condition E12** (Not Used): omit standard condition E12 and in its place add a number of amended standard conditions (E12-A1 to E12-J12), to include, for example, the revenue entitlement; and
 - (b) **standard condition E13 (System Operator – Transmission Owner Code)**: add paragraphs which ensure that where the System Operator – Transmission Owner Code (**STC**) or the STC Framework Agreement refer to onshore licensees' 'special conditions', that these references are transposed appropriately for holders of offshore licences.
5. These reasons are set out in documents published on behalf of the Authority including:
 - (a) [Modifications to future Offshore Transmission Licences](#), November 2020
 - (b) [Decision on modifications to Offshore Transmission Licence](#), November 2020
 - (c) [Statutory consultation on proposed modifications to Offshore Transmission Licences | Ofgem](#), August 2020
 - (d) [Offshore Transmission: Generic Licence and Guidance for TR8 | Ofgem](#), July 2021
 - (e) [Decision under Section 11A\(1\)\(a\) of the Electricity Act 1989 to modify offshore electricity licences so as to modify Amended Standard Condition E12-J11: The Network Innovation Competition](#), February 2015
 - (f) [Decision under Section 11A\(1\)\(b\) of the Electricity Act 1989 to modify offshore electricity transmission licenses so as to introduce Amended Standard Condition E12-D2: Equity Transaction Reporting Requirement](#), October 2014

- (g) [Notice under Section 11A\(1\)\(a\) of the Electricity Act 1989 \(The Network Innovation Competition\)](#), January 2013
 - (h) [Decision letter on changes to the availability incentive in version 1.1 of the offshore transmission owner \(OFTO\) licence](#), July 2011
 - (i) [Offshore Electricity Transmission: Final Statement on the Competitive Tender Process](#), June 2009
 - (j) [Overview of Great Britain's Offshore Electricity Transmission Regulatory Regime - joint DECC-Ofgem statement](#), June 2009
 - (k) [Offshore Electricity Transmission – A Joint Ofgem/DECC Regulatory Policy Update](#), November 2008
6. No representations to the notice under section 8A(3) of the Act were received.
7. Additional amendments have been made since the notice under section 8A(3) was published to correct the following minor errors:
- (a) in amended standard condition E12-A1, the definition of "Retail Prices Index Number" has been deleted and the following definition has been added after the definition of "Confidential Information":
""Consumer Prices Index Number" means the monthly index number of consumer prices as identified by series D7BT by the Office of National Statistics where the index for July 2015 = 100"; and
 - (b) in amended standard condition E12-A3, the reference to "RPI" in the formula for the revenue indexation adjustment term has been updated to refer to "CPI".
- These amendments reflect the position set out in the [Decision on developments to the tender process within the current OFTO Transmission Owner \(OFTO\) regime](#), published on behalf of the Authority in April 2021.
8. The Authority is of the opinion that the proposed modifications would not cause the Licensee to be unduly disadvantaged in competing with other transmission licence holders and would not cause any other transmission licence holder to be unduly disadvantaged in competing with other holders of transmission licences (including the Licensee).
9. This document constitutes the notice under section 49A of the Act of the reasons for the Authority's decision to modify the conditions of the Licence.



Stuart Borland
Deputy Director, Offshore Network Regulation

Duly authorised on behalf of the Gas and Electricity Markets Authority
13 July 2023