

For the attention of:

**Mr. Stuart Borland**

Deputy Director, Offshore Network Regulation

The Office of Gas and Electricity Markets

10 South Colonnade, Canary Wharf,

London E14 4PU

**25<sup>th</sup> November 2022**

**Reply on Consultation on proposed modifications to Offshore Transmission licences**

Dear Stuart,

Thank you for the invitation to consult on this proposal.

We have described our suggestions or proposals underneath each proposed modification title.

We hope that you find them useful for this exercise and we assure you of our continued support.

Thank you.

Best regards,

Semco Maritime

**John Lionel Dicom**

Commercial Development Director

**Introduction**

The Authority is seeking views on a number of proposed modifications to Offshore Transmission licences (**OFTO licences**). These cover the following areas: -

**1. Consequential licence modifications due to the end of the transition period**

No comments.

**2. End of Tender Revenue Stream**

- a) Amended Standard Condition E12-J3: Restriction of Transmission Revenue: Allowed Pass-through Items (**ASC E12-J3**), where we propose the creation of two new pass-through terms to allow all Offshore Transmission Owners (**OFTOs**) to claim for the cost of carrying out Health Reviews of their

transmission assets, and the Investment Works needed to extend the lifetime of those assets. This will make an important contribution towards the Government's ambition to put in place 50GW of offshore wind by 2030;

**Semco comment:** Good move and this will motivate actions to ensure proper surveys are undertaken. The survey should be broken in to two parts, namely 1. Compliance review to be done 8 years prior to end of TRS to ensure sufficient time for rectifications, if any. Are all systems compliant to British standards, regulations and good practices? And will they stay compliant over the intended life extension period? 2. Health Assessment – Condition based with a lifetime/lifecycle perspective, considering best industry standards and OEM requirements.

- b) Amended Standard Condition E12-J4: Restriction of Transmission Revenue: Annual Revenue Adjustments (**ASC E12-J4**), where we propose to allow all OFTOs to claim adjustments for availability lost as a direct result of carrying out the Health Reviews and, if necessary, the Investment Works.

**Semco comment:** Agreed, but we normally do not see a need for shutdowns when doing a health review. Only if the review shows serious concerns, will an inspection requiring shutdown be engaged.

### 3. Changes to decommissioning costs

No comments.

#### **4. Incremental capacity arrangements**

No comments.