



Making a positive difference  
for energy consumers

To:  
Diamond Transmission Partners  
Hornsea Two Limited  
Cc: Department of Energy  
Security and Net Zero

Email:  
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Date: 2 May 2024

Dear Colleague,

**Certification review under the ownership unbundling requirements of the Electricity Act 1989: Decision of the Gas and Electricity Markets Authority (the Authority)<sup>1</sup>**

On 5 October 2023 Diamond Transmission Partners Hornsea Two Limited (**the Certified Person**), notified The Authority of a proposed transaction that would alter the corporate structure, ultimate ownership and controllers of the Certified Person. The Certified Person also provided further information related to this matter on 5 January 2024. The Authority has undertaken a review of their certification, in accordance with section 10I of the Electricity Act 1989 (the **Act**).

This letter sets out the Authority's final decision of our certification review under section 10L of the Act, as to whether the certification of the Certified Person should be continued.

**Certification Review**

The Certified Person is a licensed offshore transmission owner (**OFTO**). Diamond Transmission Partners Hornsea Two Limited has been certified since May 2023.

The ultimate controllers of the Certified Person are currently Mitsubishi Corporation (**MC**) and SunLife Financial Inc. (**Sunlife**).

In September 2023, an agreement was entered into for the sale by HICL Infrastructure Plc (**HICL**) of 50% of its interest in the Certified Person to the John Laing Group. HICL

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<sup>1</sup> In this document, the terms "Authority", "Ofgem", "we" and "us" are used interchangeably.

currently own 75% of the Certified Person. The sale would see HICL retain a 37.5% interest and the John Laing Group would acquire the remaining 37.5% interest.

John Laing Group is ultimately owned and controlled by KKR & Co. Inc. Following the sale the new ultimate controllers of the Certified Person will be MC (25%), SunLife (37.5%) and KKR (37.5%).

The review of their certification was triggered, in accordance with section 10I(5) of the Electricity Act, by the Authority's receipt of information regarding the sale.

The Certified Person requested continuation of its certification status on the first certification ground, set out in section 10E(3) of the Act. The first certification ground is that an applicant meets the ownership unbundling requirement in section 10F of the Electricity Act.

The Authority is required to apply five tests set out in section 10F of the Electricity Act in order to determine whether the Applicant meets the ownership unbundling requirement:

The **first test** is that the applicant:

- (a) does not control a relevant producer or supplier;
- (b) does not have a majority shareholding in a relevant producer or supplier; and
- (c) will not, on or after the relevant date, exercise shareholder rights in relation to a relevant producer or supplier.

The **second test** is that, where the applicant is a company, partnership or other business, none of its senior officers has been, or may be, appointed by a person who:

- (a) controls an electricity undertaking which is a relevant producer or supplier; or
- (b) has a majority shareholding in an electricity undertaking which is a relevant producer or supplier.

The **third test** is that, where the applicant is a company, partnership or other business, none of its senior officers is also a senior officer of an electricity undertaking which is a relevant producer or supplier.

The **fourth test** is that the applicant is not controlled by a person who controls a relevant producer or supplier.

The **fifth test** is that the applicant is not controlled by a person who has a majority shareholding in a relevant producer or supplier.

On the basis of the information contained in the updates, the Authority considers that each of the five tests set out in section 10F of the Electricity Act continue to be treated as met by the Certified Person.

Under section 10I(2) of the Electricity Act, if the Certified Person is controlled by a person from a country outside the United Kingdom, the Authority must, as soon as is reasonably practicable, notify the Secretary of State and enclose any further information which, at the time of the notification, the Authority has in its possession and thinks is relevant to the question of whether the security of energy supplies in the United Kingdom would be put at risk by the continued certification.

The Authority notified the Secretary of State of the proposed sale on 21 February 2024. On 3 April 2024, the Secretary of State concluded that continuing the certification would not put the security of electricity supplies in the United Kingdom at risk.

### **Certification decision**

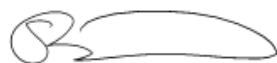
Our decision is that the Certified Person continues to be certified as ownership unbundled under section 10F(1).

In accordance with section 10L(5) of the Electricity Act, the Authority hereby notifies the continuation of the certification to the Certified Person and the Secretary of State.

In accordance with section 10I of the Electricity Act, the Authority will monitor whether the basis on which it decided to certify the Certified Person continues to apply following the Authority's decision and, if appropriate, will review its certification decision.

Attached to this letter is a copy of the certification decision made by the Authority.

Yours sincerely,



**Stuart Borland**  
**Deputy Director, Offshore Network Regulation**  
**Duly authorised on behalf of the Gas and Electricity Markets Authority**  
**2 May 2024**

**ELECTRICITY ACT 1989  
SECTION 10L**

**CERTIFICATION – Diamond Transmission Partners Hornsea Two Limited**

Pursuant to section 10L of the Electricity Act 1989 the Gas and Electricity Markets Authority hereby continues to give Diamond Transmission Partners Hornsea Two Limited certification as independent under the grounds set out in section 10E(3) of the Act, subject to the attached Schedule.



**Stuart Borland**  
**Deputy Director, Offshore Network Regulation**  
**Duly authorised on behalf of the Gas and Electricity Markets Authority**  
**2 May 2024**

**SCHEDULE**  
**PERIOD, CONDITIONS AND WITHDRAWAL OF CERTIFICATION**

**A. Interpretation and Definitions**

In this certification

'the Authority'	means the Gas and Electricity Markets Authority established by section 1(1) of the Utilities Act 2000, as amended from time to time
'the Act'	means the Electricity Act 1989, as amended from time to time
'the Certified Person'	Diamond Transmission Partners Hornsea Two Limited in its capacity as a person certified as independent under section 10D of the Act
'control'	has the same meaning as in section 10O of the Act
'person from a country outside the United Kingdom'	has the same meaning as in section 10O of the Act
'the relevant date'	has the same meaning as in section 10M of the Act
'shareholder right'	has the same meaning as in section 10O of the Act

**B. Period**

Subject to section D below, and pursuant to section 10L of the Act, the decision to continue certification shall come into effect on the date that it is issued and will continue until it is withdrawn in accordance with section D.

**C. Conditions**

This certification is made subject to the following conditions:

1. The material provided by the certified person to the Authority in respect of its application for certification is true and complete.
2. If at any time the Certified Person knows or reasonably should know of any event or circumstance that has occurred or is likely to occur that may affect their eligibility for certification, the Certified Person shall as soon as reasonably practicable notify the Authority in writing of the event or circumstance and the reasons they consider that the event or circumstance may affect their eligibility for certification.

3. If at any time the Certified Person knows or reasonably should know that any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the Certified Person is or may become a person from a country outside of the United Kingdom, or that a person from a country outside the United Kingdom has or may take control of the Certified Person, the Certified Person shall as soon as reasonably practicable notify the Authority in writing.
4. If at any time from the relevant date the Certified Person exercises or is likely to exercise any shareholder right or right of appointment in the circumstances described in section 10M of the Act, the Certified Person shall as soon as is reasonably practicable notify the Authority in writing of the right that has been or is likely to be exercised and the effect of exercising that right.
5. By 31 July of each year, the Certified Person shall provide the Authority with a written declaration, approved by a resolution of the board of directors of the Certified Person and signed by a director of the Certified Person pursuant to that resolution, setting out:
  - a. Whether any event or circumstance has occurred in the previous 12-month period, or such part of that 12-month period since the Certified Person was certified, that may affect the Certified Persons' eligibility for certification, and if so, the reasons they consider that the event or circumstance may affect their eligibility for certification;
  - b. Whether any event or circumstance has occurred, or is likely to occur, that may cause the Authority to think that the Certified Person has become a person from a country outside the United Kingdom, or that a person from a country outside the United Kingdom has taken control of the Certified Person, in the previous 12-month period or such part of that 12-month period since the Certified Person was certified; and
  - c. Whether the Certified Person has exercised any shareholder right or right of appointment in the circumstances described in section 10M of the Act in the previous 12-month period or such part of that 12-month period since the Certified Person was certified and, if so, the effect of exercising that right, provided that the Certified Person is only required to provide a written declaration under this paragraph (c) where it has been certified on the certification ground in section 10E(3) of the Act and in relation to a period that occurs after the relevant date.
6. The Certified Person furnishes the Authority in such manner and at such times as the Authority may reasonably require, with such information as the Authority may reasonably require, or as may be necessary, for the purpose of:

- a. performing the functions assigned to it by or under the Act, the Gas Act, the Utilities Act 2000, the Energy Act 2004, the Energy Act 2008, or the Energy Act 2011, each as may be amended from time to time; or
  - b. monitoring and reviewing of the certification under section 10I of the Act; or
  - c. reporting by the Authority as to any connection of the licensee with a country outside the United Kingdom under section 10K of the Act.
7. Should any of the grounds for withdrawal arise under section D of this certification, the Authority may amend rather than withdraw this certification.

## **D. Withdrawal**

Pursuant to section 10L of the Act, this certification may be withdrawn in the following circumstances:

1. This certification may be withdrawn by the Authority by giving a notice of withdrawal to the Certified Person not less than four months before the coming into force of the withdrawal in any of the following circumstances where:
  - a. the Authority considers that condition contained in paragraph C1 above is not met;
  - b. the Authority considers that the basis on which the Authority decided to certify the Certified Person does not continue to apply and has made a decision that the certification should be withdrawn;
  - c. the Certified Person has a receiver (which expression shall include an administrative receiver within the meaning of section 251 of the Insolvency Act 1986, as amended from time to time) of the whole or any material part of their assets or undertaking appointed;
  - d. the Certified Person has entered into administration under section 8 of Schedule B1 to the Insolvency Act 1986;
  - e. the Certified Person is found to be in breach of any national competition laws, such breach relating to the licensed activity of the Certified Persons;
  - f. the Certified Person has failed to provide a declaration to the Authority pursuant to paragraph C5 above and the Authority has written to the Certified Person stating that the declaration has not been provided and giving the Certified Person notice that if the declaration remains outstanding past the period specified in the notice the certification may be withdrawn; or
  - g. the Certified Person has failed to comply with a request for information issued by the Authority under paragraph C6 above and the Authority has written to the Certified Person stating that the request has not been complied with and giving the Certified Person notice that if the request for information remains

outstanding past the period specified in the notice the certification may be withdrawn.

2. This certification may be withdrawn if the Certified Person notifies the Authority that they do not require to be certified and the Authority considers that the Certified Person is not a person who is required to be certified.