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To: Offshore Transmission
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Warwick Energy would like to make the following comments on the joint consultation exercise on Offshore Electricity Transmission.

We can see merits in both main options for granting licences (whilst generally favouring Option 1) however we have become increasingly concerned about the complexity of the issues still to be finalised and the time needed to do this.

We will all want the system to be sound and enduring and therefore we expect that the 2008 timetable will need to be extended to achieve this. We therefore request that whichever option is chosen, the system can be designed to be as flexible and user-friendly as possible, at least for the early periods as many Round 2 projects will be well underway by the time everything is finalised. An ability to have exemptions, where necessary, will need to be built in to avoid these Transmission arrangements being a barrier rather than an aid to development for these earlier schemes.

A further concerns, in addition to the complexities and uncertainties of the current 2 main proposals, is the direct and indirect costs of the proposals. This needs to be really thought through. The industry has suffered in the past from changes driven by dogma that has involved huge costs (ultimately borne by consumers) for little real benefit.

It is therefore possible that the best overall option is the 'Generator Tender' approach which would minimise costs whilst allowing for competition. The SQSS work output will be able to used to protect consumer interests. In general, with all the current uncertainties, we feel it is important that developers are able to continue to own the assets they are developing if they wish.

For our Thanet project (2008 connection date) we feel we will require more comfort on all areas of 'adoptability' than is currently proposed and we will be writing to the DTI shortly with specific requests following feedback from the proposed funders of this scheme.

Our overall fear is that this initiative (which we have supported fully from the outset) could end up being seen as far more trouble (in complexity and cost) than it is worth. It is therefore possible that the offshore wind industry might actually be better off with the status quo (unregulated by Ofgem offshore, like the gas industry) with the project/system boundary remaining at the onshore grid connection. The offshore transmission initiative has somewhat been overtaken by the Energy Review/RO Review as the main focus on how to unlock the potential of offshore renewables and, if necessary, we should be brave enough to acknowledge this.

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