

Date: 22 May 2007

Dear Sirs,

**Offshore Electricity Transmission – Open Letter to Industry – Follow-on from Workshop of 24 April**

Following on from the two workshops held on 24 April to explain the Government's recent decision on licensing offshore electricity transmission, we are writing to you as the joint DTI / Ofgem Project Board chairs to provide further information regarding the management of the project, and the avenues for continued industry engagement, as we work towards the next significant milestone in the project programme – publication in July of the Policy direction document.

We felt that the discussion at the workshops was very constructive and helpful. Participants in the meetings generally recognised that the Government had now made its decision on which licensing option to follow – i.e. the non-exclusive option – and the majority consensus of the participants was that it was now important to get on and deliver the new regime. Consequently most of the comments and questions raised during the two sessions surrounded the detailed arrangements of the new regime that will be put in place.

A note of the workshop is now available on the DTI and Ofgem web-sites [here](#).

The main focus area of activity now is to progress with the work streams set out in the Ofgem scoping document, that have been established to address the policy and technical issues that sit below the decision to progress with the non-exclusive option. The consultation responses to the Scoping Document generally agreed that the main issues had been correctly identified. Copies of the responses can be found [here](#).

There were, however, a number of comments regarding the ability to reach a satisfactory resolution of all these issues within the timetable set for the project, and the routes by which the views and input from industry would be sought.

As such, this letter explains the structures put in place by DTI and Ofgem to ensure the successful delivery of this project, and provides further clarity regarding the opportunities for engagement by industry in this process.

The Scoping Document included a project organisation chart that set out the management structure of the project. Included with this letter is an updated copy of that chart, which now includes details of those tasked with the responsibility for delivering the various elements of the project.

Overall leadership of the project lies with DTI and Ofgem, through the Project Board jointly chaired by ourselves, Duarte Figueira (DTI) and Robert Hull (Ofgem). The Project Board membership is drawn from the DTI and Ofgem offshore transmission teams and its role is to:

- Give the strategic direction to the project;
- Address and resolve policy and implementation issues;
- Ensure effective engagement with industry stakeholders;
- Deliver an offshore transmission licensing regime, including the necessary approvals from DTI Ministers, Ofgem's Executive, and GEMA; and
- Establish the necessary project work streams and allocation of resources.

The work of the Project Board is overseen by the Senior Advisory Committee that consists of Jim Campbell (DTI) and David Gray (Ofgem), and also by an internal Ofgem Advisory Committee.

A dedicated Programme Management group has been established, led by Andrew Mann (Ofgem). This group is responsible for:

- Facilitating overall project delivery;
- Maintaining and monitoring project work streams, managing change and allocation of resources;
- Initiation and coordination of project processes, incorporating monthly progress reporting to management groups;
- Risk and issue identification and management; and
- Facilitating project communication, internal and external

Work is already well underway in a number of the work streams. For example, we have had two sub groups (GBSQSS and Grid Code) established for some time. The GBSQSS sub group has submitted its recommendation which following consultation formed the basis of the Government's decision about an appropriate basis for an offshore security standard. The Grid Code sub group is expected to submit recommendations to us shortly for consideration.

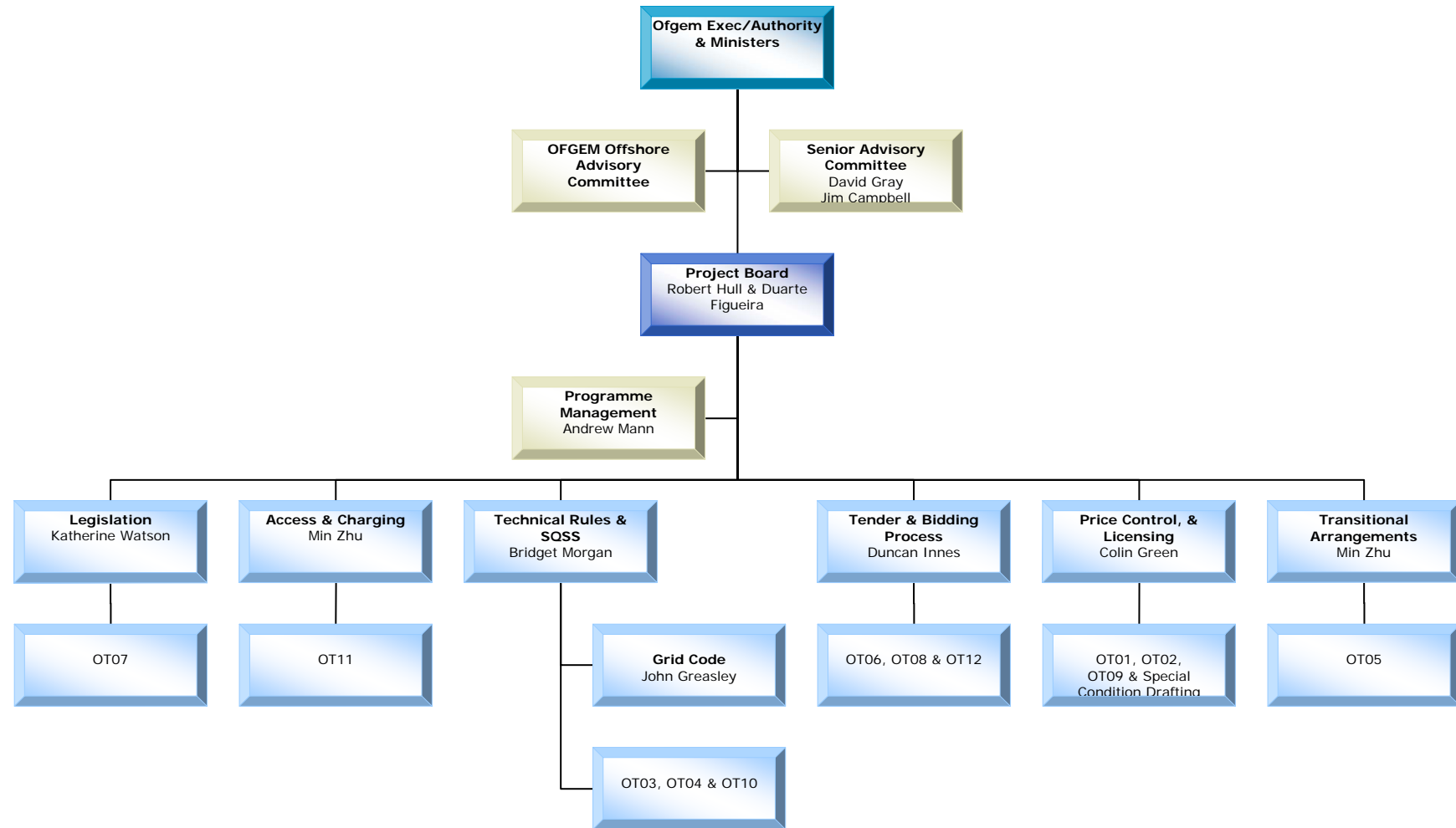
A number of other meetings have already taken place under the various work streams. Industry participants are already engaged in this ongoing work and the dates of upcoming meetings can be found [here](#). If you wish to participate in this process, please contact the relevant work stream leader in the first instance.

We would like to assure you of the joint commitment of the DTI and Ofgem to the successful delivery of new offshore transmission regime to enable the development of offshore generation in an efficient and cost effective manner.

Duarte Figueira  
Director, Renewables Deployment Team  
DTI

Robert Hull  
Director, Transmission  
Ofgem

# Offshore Transmission Project Organisation Chart



**Key:**

OT01 – Form of licences  
 OT02 – Review of licence conditions  
 OT03 – Codes  
 OT04 – Technical rules

OT05 – Adoption  
 OT06 – Design of tender  
 OT07 – Statutory consultation & go-live  
 OT08 – Prequalification of licences

OT09 – Price control  
 OT10 – Development of embedded transmission  
 OT11 – Access, compensation & charging  
 OT12 – Connection application process

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