



5 September 2007

Colin Green
Ofgem
9 Millbank
London
SW1P 3GE

Dear Colin

ELEXON Response to Ofgem/BERR Policy Statement on Offshore Transmission

ELEXON welcomes the opportunity to comment on Chapter 10 ('Implementation Issues') of the 'Ofgem/BERR Policy Statement on Offshore Transmission'. The following comments represent the views of ELEXON.

ELEXON is the Balancing and Settlement Code Company (BSCCo) for Great Britain. Its role is to ensure the proper, effective and efficient implementation of the Balancing and Settlement Code (BSC), which is established under the electricity System Operator's transmission licence for the purposes of electricity balancing and settlement. Any party with an electricity licence (e.g. supply licence, generation licence, distribution licence or transmission licence) is obliged by licence to become a Party to the BSC, and non-licensed parties may also choose to do so.

While we have no comments on the specific questions raised in Chapter 10 of the Policy Statement, we note your intention to coordinate the development of changes to industry codes (including the BSC) and to work closely with the code owners in doing so. Please be assured that we will endeavour to assist in this matter as required.

Our current view is that any changes required to the BSC to facilitate offshore transmission are likely to fall into the following categories:

- Drafting changes to extend the concept of 'Total System' (and hence the scope of the BSC) offshore. As the current BSC definition of 'Total System' refers indirectly to the Transmission Licence, the detail of any required changes will depend on the changes made to the Transmission Licence;
- Possible changes to the requirements for site visits by BSC Agents and Party Agents, reflecting the higher costs of visiting offshore sites (which may in some cases be disproportionate to the benefits such visits would bring);
- Possible changes (to metering requirements and/or the allocation of transmission losses) to cater for Direct Current (DC) transmission systems; and
- Other minor changes to ensure that the BSC provisions applying to onshore generation also apply (where appropriate) to offshore generation.

Should you wish to discuss these issues further, please contact in the first instance either myself (john.lucas@elexon.co.uk 0207380 4345) or Laone Roscorla (laone.roscorla@elexon.co.uk 0207 3804120).

Yours sincerely

John Lucas
on behalf of ELEXON Ltd

(sent by email)