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Our Reference NG/LAD

Dear Richard,

Offshore Electricity Transmission – Draft Tender Regulations 108/08

This response is from National Grid in respect of our interest in becoming an OFTO and thus a potential investor in offshore transmission networks. It has been prepared by a National Grid business development team who are separate from National Grid Electricity Transmission activities relating to offshore transmission (i.e. both GBSO and onshore TO).

The draft tender regulations imply that certain key pieces of information concerning the tender process will not be provided until either the Expressions Of Interest (EOI) or the Invitation To Tender (ITT) stage. This leaves some uncertainty at the present time concerning:

- a) the timetable for each bidding process (and, in particular, whether sufficient time exists to negotiate with key service providers);
- b) the nature of the criteria that will be used to evaluate bids following the ITT stage (including, for example, how bids for co-ordinated and shared connection solutions will be compared to alternative bids for individual connections to each development);
- c) the nature of each competition (e.g. whether it is sealed bids or open auction and the terms under which a reserve bid would be used);
- d) the specific treatment of seabed survey costs (given the flexibility of approach Ofgem stated they wished to retain in the policy update);
- e) the nature of the information to be found in the data room (which will be the subject of a data room guide potentially specific to each bid);
- f) whether any tender after go-active but before go-live will concern new build rather than just transitional schemes.

While the benefits of resolving such uncertainties before the EOI or ITT stages is a matter of policy rather than a matter for the tender regulations, it is the case that the existence of these uncertainties should be recognised within the tender regulations by incorporating facilities that will permit additional actions to be taken if the uncertainties have not been satisfactorily resolved. (For example, these might include opportunities to extend timescales or repeat requests if insufficient qualifying bids have been received).

Notwithstanding the above, it would be beneficial if various uncertainties could be resolved before the EOI stage, for example, by publishing a sample EOI and ITT which addresses the above issues.

Yours sincerely,

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Cc:

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