

The background features a large, stylized white arrow pointing right, overlaid on a blurred image of a solar panel array on the left and a glowing, multi-layered circular structure on the right. The overall color palette is light and airy, with soft blues and whites.

# Getting Connected Workshop

Colin Green  
Head of Offshore Transmission  
1<sup>st</sup> December 2008

## Introduction

- Summary of proposed offshore transmission regime
  - Changes to regulatory framework
  - New competitive tender process for selection of Offshore Transmission Owners (OFTO)
  - Key recent policy developments reflected in November joint consultation
- Outputs sought from Getting Connected workshop
- Forthcoming events:
  - Ofgem/DECC External Communications Session 8 Dec 2008

The background features a large, semi-transparent white arrow pointing to the right, overlaid on a collage of images including solar panels, a close-up of a white ceramic swirl, and a blue scalloped edge. The text is centered over the arrow.

# **Summary of Proposed Offshore Transmission Regime**

## Proposed regulatory regime for offshore transmission

- Required due to government decision that offshore transmission will be regulated
- Would extend current onshore arrangements offshore, unless different treatment has been justified
  - Offshore generator connection requirements will set the scope of offshore transmission developments and trigger the selection of each OFTO
- Proposals for a 20 year price control with performance incentives, with OFTO licences awarded by competitive tender
- Light handed regulatory approach

## Proposed Competitive Tender Process

- Tender process would be run by Ofgem
  - Consultation responses being considered
- Proposed approach is expected to deliver cheaper, timely and fit for purpose offshore transmission developments
- Tender process would provide an opportunity for new entrants to participate in the transmission sector
- First tenders due to start in 2009 for transitional projects that expect to need a transmission licence to have been granted in 2010

## Key Recent Policy Developments November Joint Consultation

- Implementation proposals

- updated change proposals for standard framework documents
- change proposals for special conditions of NGET's transmission licence
- propose for changes to licences and industry codes to be designated by Secretary of State and become part of the standard framework

**GO-ACTIVE**

- propose for offshore transmission to become a prohibited activity (i.e. illegal without a transmission licence) and offshore transmission changes to licences and industry codes to come fully into effect

**GO-LIVE**

- Updated timetable

- Further consultation on tender regulations and process - February 2009
- Final consultation on regime – Spring 2009
- Go-Active – June 2009
- Go-Live – June 2010

## Key Recent Policy Developments November Joint Consultation

- **EU unbundling requirements**
  - OFTO of last resort – consulting on revised position developed in light of unbundling announcement
- **NGET business separation requirements**
  - Published proposed text for NGET to support business separation of the GBSO from OFTO arms
- **Performance incentives**
  - Published proposals for an OFTO operational availability incentive framework

# Outputs sought from Getting Connected Workshop

Bridget Morgan

Head of Standard Framework Development  
Offshore Transmission

1<sup>st</sup> December 2008

## **Focus of Getting Connected workshop**

- ... Needs to be on the detail!

## Background Information

- **Role of National Grid Electricity Transmission plc**
  - GB System Operator
  - Owner of transmission system in England and Wales
  - Part of National Grid group

## Standard Framework

- **Transmission Licence – Standard Conditions**
  - Balancing and Settlement Code (BSC)
  - Connection and Use of System Code (CUSC)
  - Grid Code
  - GB Security and Quality of Supply Standard (GBSQSS)
- **Distribution Licence – Standard Conditions**
  - Distribution Code
  - Distribution Connection and Use of System Agreement (DCUSA)

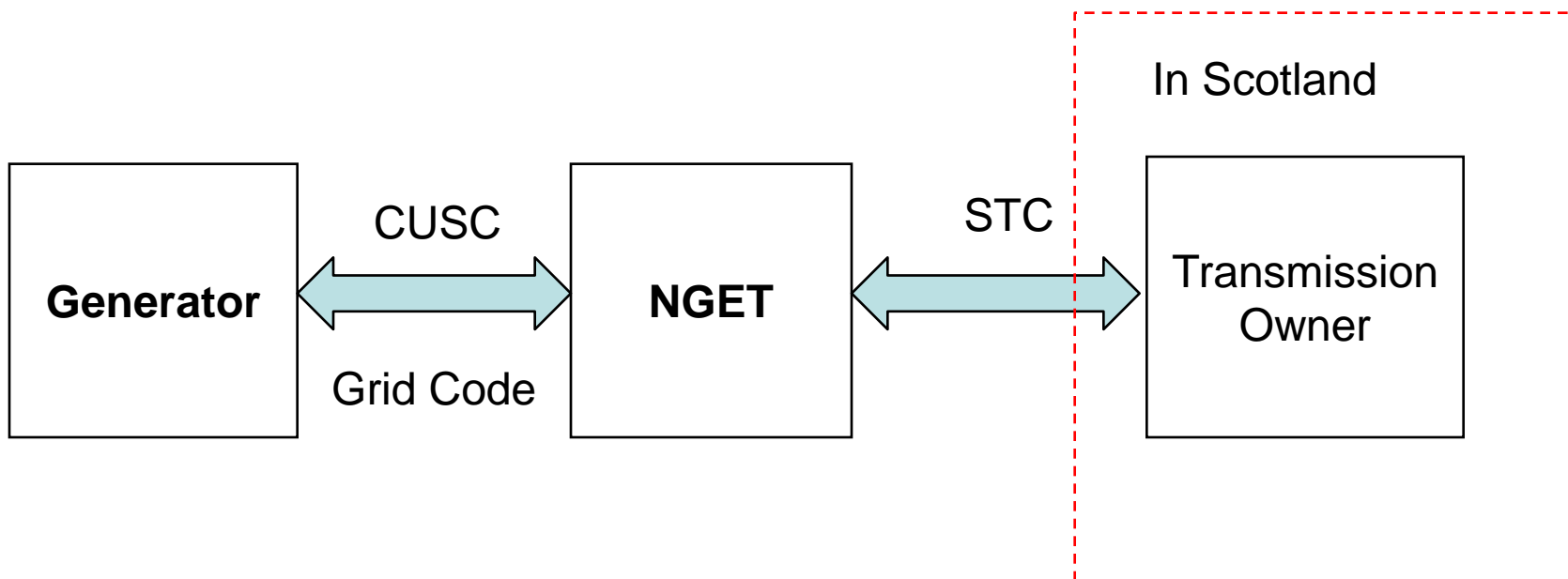
## Why “test drive” the connection application process?

- Highlights public domain information (e.g. Seven Year Statement – SYS) that is useful to developers
- First contact with industry codes for new entrants
- Captures main contractual relationships and obligations
- Scope of ongoing user/NGET relationship defined through connection application process.
- Similar processes for use of system and modification applications during lifetime of connection
- Identify process steps that are relevant for transitional projects

## What changes are proposed to NGET's connection application process?

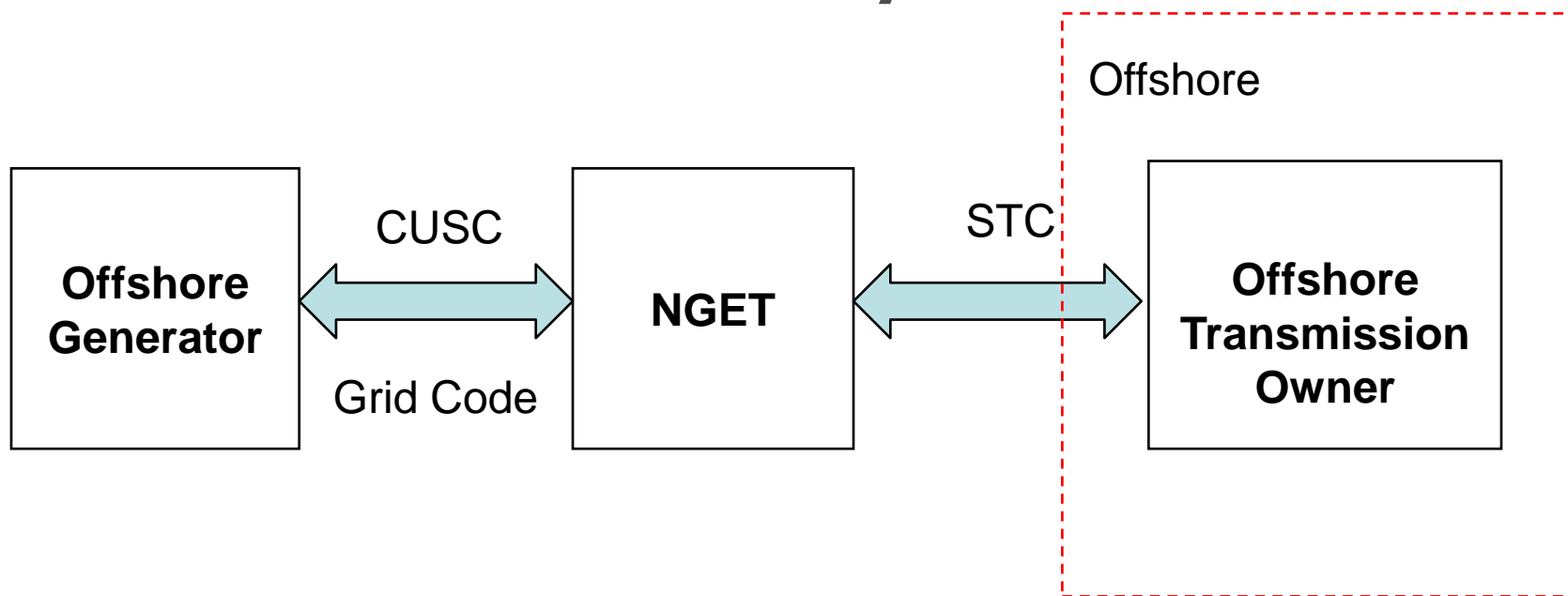
- An extension of current onshore arrangements
  - Extends NGET obligation to offer terms for connection to and/or use of the GB transmission system
  - Utilises current flexibility under CUSC to accommodate a wider range of user applications
  - Provides certainty about the standard terms of offers from NGET
  - Utilises existing contractual framework under STC for the provision of offshore transmission services to NGET

# Existing Contractual Arrangements Required for Generator Connection to GB Transmission System



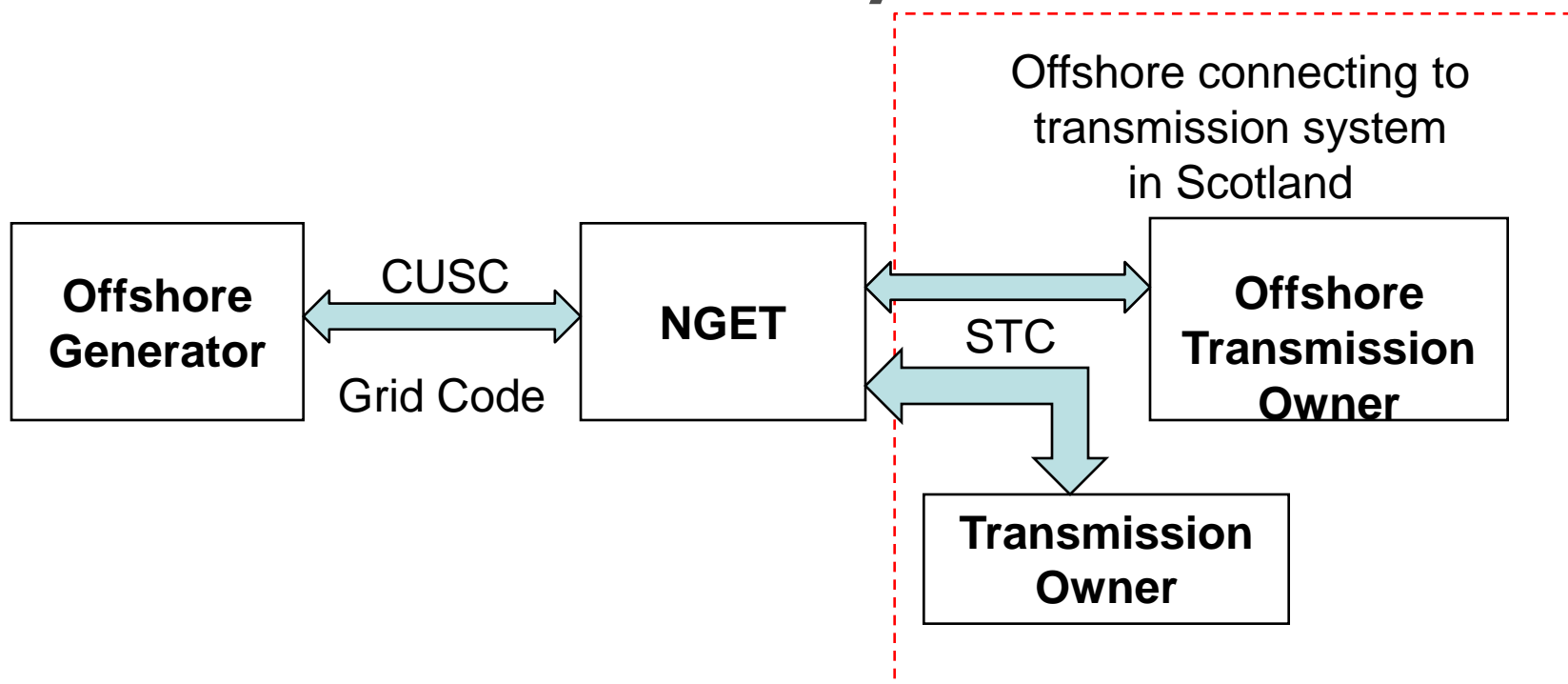
This is how it works now

# Proposed Contractual Arrangements required for Offshore Generator Connection to GB Transmission System



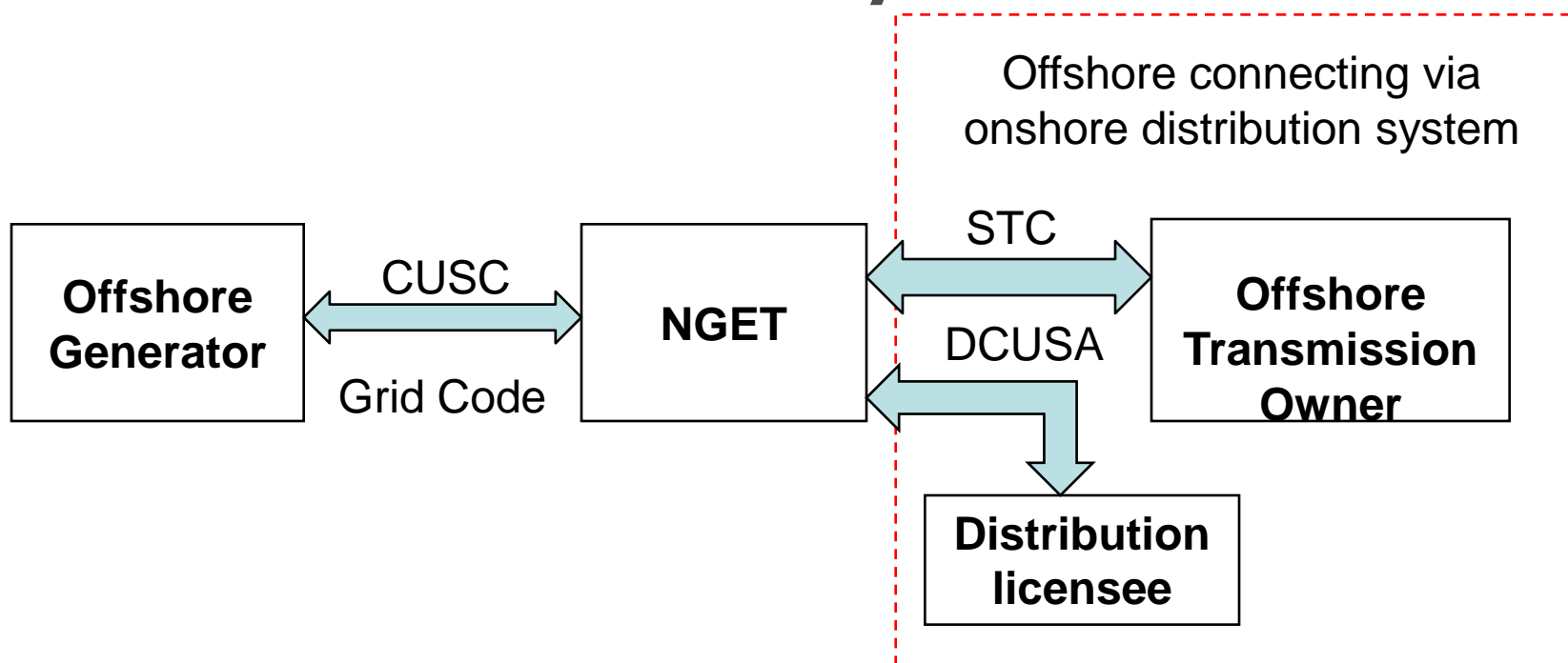
Same structure of arrangements with new type of transmission licensee (OFTO)

# Proposed Contractual Arrangements required for Offshore Generator Connection to GB Transmission System



NGET may need to seek transmission services from more than one transmission licensee

# Proposed Contractual Arrangements required for Offshore Generator Connection to GB Transmission System



NGET may seek services from a  
distribution licensee

## Outputs sought from the Getting Connected Workshop

- Highlight any “offshore” information that would be useful in the SYS for offshore generators and prospective OFTOs
- Check proposed extension of NGET’s current connection application process
  - CUSC/Grid Code requirements
  - STC back-off arrangements
- Check first stage of NGET’s connection application process would facilitate a generator’s project meeting tender process pre-conditions.
- Highlight any areas where there is a particular need for NGET business separation measures
- Identify any parts of the proposed changes to NGET’s connection application process that could hinder future offshore generator or offshore transmission system developments
- Improved understanding of proposed connection process and changes proposed to current standard framework.

## **Forthcoming Event**

# **Ofgem/ DECC External Communications Session**

**8<sup>th</sup> of December 2008**

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

*ofgem*

Promoting choice and value  
for all gas and electricity customers