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Regulatory Services – Offshore Transmission  
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**Re: Offshore Electricity Transmission –  
A Further Joint Ofgem/DECC Regulatory Policy Update**

Dear Sir/Madam

Thank you for inviting ABB to comment on the above consultation document.

ABB ([www.abb.com](http://www.abb.com)) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 120,000 people, in the UK ABB employs around 2,600 people. Technology plays a key role for ABB with our nine research centres, 6,000 scientists and 70 university collaborations across the world, of which several are in the UK. ABB is a one of the largest providers of transmission grid plant and equipment to connect Round 2 and proposed Round 3 offshore wind farms to the UK and European Grid systems.

ABB is the pioneer of HVDC technology and has the largest installed base globally. This particular technology will be required for the large-scale connection of offshore wind in Europe and the other countries throughout the world. The development costs associated with this technology and the lead times to manufacture and establish capacity are substantial and early visibility coupled with a good level of confidence is essential to ensure production capacity and engineering resource is made available in time to meet the proposed UK and European renewables 2020 targets.

ABB serves a global market for major electricity transmission infrastructural projects and continues to see an increasing demand for new offshore renewable connections and particularly larger scale transmission interconnections between countries from around the world using HVDC technology. To ensure the best return is achieved for ABB stakeholders, internal engineering resource and production capacity must be targeted at projects that will deliver the best value to the company.

As part of the process of internal engineering resource allocation it is essential during the ABB project bid selection stage that major projects which may present opportunities to ABB to supply subsea cable, transformers or HVDC systems are not perceived by ABB to have an unnecessarily over complex procurement processes or carry substantial timescale uncertainties or have confusion and uncertainty in the key roles and responsibilities within the procurement process. Projects with the above characteristics tend to attract less internal engineering resource and production capacity than those which are clearly driven by strong business drivers and clear customer commitment.

**ABB Limited**

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ABB in its original response to the offshore regime proposals (8 January 2007) expressed a view that the proposed regime based on an Non Exclusive approach (current proposal) appeared to be complex in nature, may well result in difficulties in strategic co ordination of large scale offshore transmission planning and due to its fragmented nature, would not necessarily result in large scale technology innovation.

ABBs view was that the Exclusive approach based on larger scale zones awarded to OFTOs at an earlier stage in the process would reduce the complexity particularly during the bidding process and allow early and strategic transmission planning of large scale zones that are now proposed for the very large Round 3 projects and the more congested Round 2 areas. Competition amongst suppliers and OFTOs would still exist and best value for the customer would be assured with a manageable process to expedite the deployment of offshore wind.

ABB from a supplier perspective has maintained this view during the remainder of the consultation process.

The UK renewable energy 2020 targets are very challenging and ABB is very keen to support the UK Government and the UK renewables industry and with a clear and co coordinated approach to transmission planning and procurement the 2020 targets are achievable, in ABB's opinion. If, however, doubt and concern remain amongst the major stakeholders in the UK offshore wind industry about the workability of the proposed regime, processes and systems, it is unlikely that clear transmission planning and plant procurement signals will emerge for the supply chain to expand production capacity in the timescales required.

If you require any further information or clarification then do not hesitate to contact me.

Regards

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