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Wednesday 21 January 2009

OFGEM APPOINTS ADVISORS FOR £10 BN OFFSHORE TRANSMISSION TENDERS

Energy regulator Ofgem has today appointed financial advisors to assist it in running the competitive tendering of transmission licences for more than £10 billion-worth of new offshore power networks. A consortium - led by professional services firm, Ernst & Young, with investment bank, Royal Bank of Canada Capital Markets and global insurance broker, Willis - has been engaged for the first round of tenders.

The infrastructure will be needed to carry electricity to the mainland from proposed wind farms sited off Britain's coast. Tenders for this crucial element of Britain's strategy for tackling climate change are expected to start later this year.

The Department of Energy and Climate Change (DECC) anticipates that up to 33 GW of offshore wind generation could be constructed – enough power for about ten million homes. Offshore wind power will make a major contribution to the UK's renewable energy targets for 2020. About £12 billion of investment will be needed for the transmission infrastructure to carry this energy ashore.

Ofgem Chief Executive Alistair Buchanan said: "I am truly pleased to announce that we have such high-calibre players in Ernst & Young, Royal Bank of Canada Capital Markets and Willis forming our advisory team for the tendering rounds for offshore transmission networks. Offshore wind will occupy a pivotal place in Britain's low-carbon generation and we take very seriously the need to ensure that the networks are delivered on time and at a fair cost to customers."

Ofgem and DECC have been consulting jointly with industry and stakeholders to develop a tendering process (to be run by Ofgem) to award licences for building, owning and maintaining offshore transmission assets. This is expected to conclude in June 2009, with competitive tenders for £500 million - £1 billion of assets taking place shortly afterwards.

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Notes to Editors

1. Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Ernst & Young Europe, Middle East, India and Africa has over 65,000 people in 87 countries and a turnover of US\$11.4 billion. "Worldwide, our 135,000 people are united by shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities to achieve their potential. Worldwide revenues for year to 30 June 2008 were US \$24.5 billion."

The Infrastructure Advisory team at Ernst & Young is a leading advisor on energy and environment infrastructure financings and procurement with strong specialist financing skills in renewable energy. It has one of the largest teams in the market and its portfolio includes offshore wind sector projects, including advisor to Airtricity on: the partial sale of the Arklow Bank Offshore Park; its sale to Dong of equity in the UK Round 2 offshore London Array Project; and on the 4GW of its international offshore wind portfolio.

2. RBC Capital Markets is the corporate and investment banking arm of Royal Bank of Canada (RBC). RBC is the eleventh largest bank in the world as measured by market capitalisation (Bloomberg, 15 January 2009). RBC is active globally in fixed income, foreign exchange, infrastructure finance and corporate finance advice in the metals, mining, energy and utilities sectors through 75 offices in 16 countries. RBC Capital Markets has recently advised on the acquisitions of South Staffordshire Water, Belfast Gas Transmission and the sale of a 50 per cent equity stake in Greater Gabbard Offshore Winds Limited. For more information, please visit www.rbccm.com.
3. Willis Group Holdings is a leading global insurance broker, developing and delivering professional insurance, reinsurance, risk management, financial and human resource consulting and actuarial services to corporations, public entities and institutions around the world. Willis has more than 400 offices in nearly 120 countries, with a global team of approximately 20,000 Associates serving clients in some 190 countries.
4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004, and the Energy Act 2008 as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.

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