



## PRESS NOTICE

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### **PLAN TO PLUG OFFSHORE WIND INTO THE GRID A STEP CLOSER**

Plans to connect vast amounts of future offshore wind energy to the national grid were firmed up today. The new innovative regime could help connect enough wind-generated electricity to power the equivalent of more than 10 million homes by 2020.

The Department of Energy and Climate Change (DECC) and Ofgem announced a final opportunity to comment on the new regulatory framework to connect offshore renewable projects to the onshore grid. The regime will ensure offshore cable connections are delivered on time and at reasonable cost to maintain an effective and secure grid. Tenders for the new regime are due to be launched in the summer.

The UK will need to generate as much as 30-40% of its electricity from renewable sources by 2020 as we move towards a low carbon energy supply. Offshore wind is expected to make a significant contribution, with 8GW already planned and potentially up to a further 25GW.

Energy and Climate Change Minister, Mike O'Brien said:

"This is a key building block in delivering the offshore grid we will need by 2020. The UK already leads the world in offshore wind and with

Government assessing the potential for much more, we need a grid which can be built and run in the most cost effective way.

“Wind power could potentially make the single biggest contribution to our 2020 renewable energy target. It is vital we maximise the UK’s natural resources to help in the fight against climate change and reduce our reliance on volatile foreign oil and gas markets.”

Alistair Buchanan, Ofgem Chief Executive, said:

“The infrastructure needed to connect new offshore renewables has never before been constructed on this scale. Opening this up to competitive tender ensures it can be delivered more quickly and cost-effectively. This is a huge opportunity - for new entrants and companies already active in the GB market - to invest in these assets under a long-term and low-risk regulatory regime.”

The Government’s proposals will create new offshore transmission licences which will be granted through a competitive tender process managed by Ofgem. Successful bidders for the licences will become Offshore Transmission Owners (OFTOs).

Competitive tendering will:

- Lower the cost of building and operating the assets
- Enable new players to bring innovative technical, operational and financial solutions to the connection of offshore wind farms
- Lead to a more “light touch” regulatory approach since there will be no need for a regular review of the prices charged by the OFTOs.

## **Notes to Editors:**

1. The consultation will run until 6 May. To contribute or find out more, please visit the DECC website at [www.decc.gov.uk](http://www.decc.gov.uk) or the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk).
2. The current plan is for the first tender round to start shortly after the "Go Active" date for the regime, scheduled for June 2009. The new regime will come fully into force twelve months later, at "Go Live" in June 2010. After this date, transmitting electricity offshore without a licence will be prohibited.
3. This consultation is separate from the investment necessary to upgrade the onshore electricity grid network to accommodate new power generation by 2020, as outlined by the Electricity Networks Strategy Group.
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 as well as arising from directly effective European Community legislation.

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