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## **Consultation Response, Offshore Tender Regulations**

Dear Richard

Vattenfall is pleased to respond to this consultation on the offshore tender process and regulations. In particular we are very focused on appointment of an OFTO for two transitional projects – Thanet and Ormonde. We intend to provide more general comments on the enduring regime in response to the Ofgem / DECC policy update.

As you may know Vattenfall has acquired substantial interests in the UK renewables generation sector over 2008. The Thanet and Ormonde offshore projects are central to our ongoing and expansive concerns in the UK offshore sector and Vattenfall has been working very hard to understand and feed into the OFTO arrangements for transitional projects.

Naturally our key objective is to have an OFTO in place in timescales consistent with the construction and commissioning timescales for the projects.

Vattenfall is pleased that Ofgem is willing to adopt some flexibility on the qualifying criteria for transitional status. Vattenfall will continue to liaise with Ofgem on the status of our projects and if Ofgem has any concerns on qualification we trust that these will be communicated and resolved as appropriate.

On the assumption that Thanet and Ormonde qualify for transitional status, there are two key concerns on timescales, namely:

- That it is absolutely essential to build in some flexibility in the asset transfer scheme and for it to be able to reflect the changing circumstances of a project under construction and, potentially, operation. Vattenfall is supportive of the proposals around a developer-bidder dialogue on asset transfer which would enable us to negotiate terms reflective of the project's status.
- That the process of appointing an OFTO does not delay a project otherwise ready to commission. This is a particular concern for Vattenfall should the process fail to appoint an OFTO, triggering a second round before the "last resort" mechanisms come into play.

On the former point Vattenfall does not consider an obligation to construct within certain timescales is workable. The issue is one of managing and mitigating risks, not one of attempting to impose inflexible timescales.

On the latter point, we would appreciate some comfort that the regime does not put us at risk of waiting for an OFTO. As we understand, this could happen should an OFTO not be appointed by "go-live" for a commissioned project.

Vattenfall is disappointed that the proposals described under "bidder clarification" appear to say that developers will not be able to directly negotiate with OFTOs on anything but the asset transfer scheme. Furthermore the requirement for developers to warrant their responses appears to assume that the information flow will be one-way from the developer to the OFTO.

Whilst we note that for the transitional projects there is little if any scope for negotiation around the connection design, we would not preclude the need to negotiate on connection terms – which would probably need to involve both the transmission owner (OFTO) and National Grid as operator and the contractual counter-party. For the enduring regime Vattenfall would expect to enter into discussion on the connection design and connection terms. We would very much support a moderated forum approach such as that proposed for the asset transfer scheme.

Vattenfall also supports comments made by many other stakeholders, including the British Wind Energy Association (BWEA) on areas common to both the transitional and enduring regime. Briefly these are:

- The network failure risk being weighted onto the generator
- The lack of clarity around compensation for lost access – we will comment further in our response to the Ofgem / DECC policy update
- The need to give equipment suppliers the signals they need to ramp up production capacity in a timely fashion.

I hope you find these comments useful and if there is any aspect of this response that you would like to discuss please don't hesitate to contact me.

Yours sincerely



David Hodkinson  
Vattenfall Wind Power Ltd