

May 6, 2009

www.wpd.de

Offshore Transmission Final Consultation
Department of Energy and Climate Change
1 Victoria St London SW1H 0ET

Response

Final consultation on offshore regime

Dear Sir / Madam,

WPD welcomes the opportunity to respond to the government and Ofgem's final consultation on the offshore electricity transmission regime.

WPD is a German-owned world-wide developer, owner and operator of wind energy. The company has substantial interests in offshore wind energy and is bidding into the Round 3 offshore leasing process. The UK is a major growth market and WPD is determined to contribute to that growth, which will be very significant in European terms. We would commend the government on its drive and ambition for offshore wind, and very much welcome the emphasis on attracting a wide range of players and expertise into the UK market.

WPD has worked hard to understand and work with the new offshore transmission regime. We note that the regime retains some flexibility to accommodate changing circumstances and to allow different market participants to adopt different strategies. For the most part we welcome this flexibility. It is natural for plans and circumstances to evolve, and this is across-the-board not just the transmission regime.

Our experience is that it is important to facilitate parallel development of the project and the grid connection, especially so for major projects and infrastructure of the scale envisaged in Round 3. On the generation-side it is also important for us to be able to assess and mitigate the risks associated with the grid connection if it is our responsibility, or to be confident that we are getting the best available service from an OFTO-type provider.

In bilateral discussions with Ofgem WPD has communicated some concerns on network failure risk and the extent to which it is the generator's risk (but not the generator's responsibility). WPD is grateful for some of the assurances proffered on this – in particular the ability to mitigate this through detailed specifications. It does remain a concern, as the proof and meaningful re-assurance will be in the implementation and experiences, and some testing of the enduring regime for a range of scenarios. We will maintain our engagement on this and are committed to working with Ofgem, the government and the rest of the industry.

WPD recognises the benefits that competition will bring to the provision of transmission infrastructure. There is always a balance between these benefits and the cost of managing interrelationships between different parties, especially where co-operation is required of otherwise competing parties. The allowance for 20% incremental investment is prudent, and we trust that to some extent the generator will be able influence the contractual complexity and management of its project through choosing when, and what (phased construction, over-sizing, e.t.c.) to tender for.

The size and scale of Round 3 does call for some strategic thinking and WPD would also support extension of the work on anticipatory investments – the ENSG work and Ofgem's work with the Transmission Owners on incentives – to the offshore regime.

Finally WPD wholeheartedly welcomes the prominence given to supply chain and skills issues in this consultation. We agree that it is a key bottleneck and that potential OFTO's will need to demonstrate how they relieve the bottleneck.

If you would like to discuss any aspect of this response please do not hesitate to contact me.

Yours faithfully,



Henrik Sjöström

Project Manager

h.sjostrom@wpd.se