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Dear Sam

**Offshore electricity transmission: response to open letter on the enduring regime**

I write in response to the letter from Colin Green dated 5<sup>th</sup> November regarding the enduring regime for offshore electricity transmission.

National Grid Offshore is fully committed to ensuring the success of the offshore electricity transmission regime and, more generally, to the success of the offshore wind industry. We do share the view that the consultation should be concerned with promoting efficient and economic development of offshore transmission networks and delivering value for present and future consumers. We believe that Colin's letter sets out well the main themes of the consultation and we recognise the breadth of issues and likely wide range of opinion on each.

Our position as a prospective OFTO is to provide offshore transmission solutions that provide the best opportunity for efficiency, reliability and economies of scale in the connection of offshore wind generation. This is borne out of many years of experience of companies within the National Grid group delivering value from owning, operating and developing large, complex transmission networks. In that sense we are very well placed to appreciate the need to achieve a balance between short term project drivers to meet individual wind generation project connection targets and long term efficiency drivers achievable from coordinated offshore transmission solutions. We are taking forward analyses that will hopefully add to the market information available to Ofgem E-Serve, generation developers and key suppliers about the benefits of coordinated offshore transmission solutions.

Related to the key themes in Colin's letter, we have some specific points that we would wish you to consider in the preparation of the consultation document.

1. It would be useful to consult on providing guidance on how the lateness of *timing of OFTO appointment* would be considered with respect to the Third Package where, in extremes, developers may be consenting, designing, procuring, building and managing operations and maintenance of transmission assets.
2. From a *supply chain* point of view, clear signals are vital to promote the research, development, capability and capacity necessary to ensure the timely delivery of the necessary transmission assets. It would appear that either a very early or a very late appointment of an OFTO currently best affords that clarity and surety. It would be useful to explore this specific issue by consulting on the views of the supply chain.

3. In relation both to generating appropriate *supply chain* signals and overall *risk management*, it would be useful to consult on the benefits case and regulatory treatment of anticipatory investment by an OFTO, where this provides the most efficient, reliable and economic transmission solution and best facilitates delivery of renewable generation to meet Government targets.
4. In respect of the *role of the NETSO*, in such circumstances where developers of offshore transmission bring forward innovative offshore transmission solutions that may, for example, reduce the cost of onshore transmission reinforcement, it would be useful to consult on how appropriate dialogue with the NETSO can be promoted to ensure that the onshore and offshore transmission provision is efficiently and economically integrated and optimised for the benefit of all users and consumers.
5. Finally, but importantly, with regard to the themes of *risk management* and *timing of OFTO appointment*, it would be useful to consult on the consideration of a competitive dialogue PFI approach to the tender process to ensure that, as far as possible, risks and concerns can be openly discussed and mitigated. Providing a vehicle for dialogue between generation and transmission developers is essential in our view.

Providing flexibility in the regime and tender process and allowing engagement between transmission and generation developers to be able to maximise benefits of transmission innovation will, in our view, best promote the objective of delivering efficient and economic development of offshore transmission networks and value for consumers. We trust that you will continue to ensure that the regime affords the fullest opportunity for transmission innovation and experience to be demonstrated.

National Grid Offshore hopes to inform and add value to the consultation and we look forward to receiving the consultation document in due course.

Yours sincerely,

A handwritten signature in blue ink that reads "Moni Brany". The signature is written in a cursive, flowing style.