

Cover note to the draft generic Offshore Transmission Owner (OFTO) licence

Introduction

This note accompanies the draft generic OFTO licence. The draft generic OFTO licence contains three parts:

- Terms of the licence;
- Standard Licence Conditions; and
- Draft version 0.5 of the Special Licence Conditions

This note explains the scope of changes we have made to draft version 0.4 of the special licence conditions, which was published to Qualifying Bidders and developers for transitional round 1, via the online portal.

Alongside the draft generic special conditions we have also published:

- a set of guidance notes intended to help qualifying applicants and other interested parties understand this version of the draft generic special licence conditions; and
- a Microsoft Excel model to illustrate how the revenue formula of the draft special licence conditions will work (including a version of the performance incentive), which is intended to aid qualifying applicants and other interested parties' understanding of the licence mechanisms.

Please note that version 0.5 of the draft generic licence conditions and the special licence conditions guidance note have already been released to qualifying applicants and developers.

Background

In December 2009, we provided draft version 0.4 of the generic special licence conditions and draft version 0.1 of the project specific special licence conditions to developers and Qualifying Bidders for comment. We have subsequently made a number of revisions and incorporated the standard licence conditions resulting in generic version 0.5 of the OFTO transmission licence.

Scope of revisions to special licence conditions

The revisions we have made to draft v0.4 of the special licence conditions are:

- A1 – updated definitions;
- A2 - updated to reflect the requirement for OFTOs to model any ex post assessment of project value and the process for subsequent revenue adjustment;
- B1 – minor definitional changes;
- J2 – updated drafting to clarify K factor and to reflect phasing issues in certain projects;
- J3 – new pass through item added;
- J4 – updated to reflect refinements to the availability model and finalisation of the ICRD term;
- J8 - was absent from versions 0.2 to 0.4. It has been inserted in its original version 0.1 form;
- Schedule 2 – revocation clauses have been amended and updated;
- A number of drafting refinements throughout.

We have not made any changes to the standard licence conditions, which were designated by the Secretary of State in June 2009, but have included Sections A and E in the generic OFTO licence for completeness.