



Yvonne Naughton
Offshore Transmission
Ofgem E-serve
Cornerstone
107 West Regent Street
Glasgow
G2 2BA

Kristina Dahlström,
Department of Energy and Climate Change
4th Floor Area D
3 Whitehall Place
London
SW1A 2AW

29 November 2010

Dear Yvonne and Kristina,

**Offshore Electricity Transmission
Implementing Further Refinements to the Enduring Regime
Consultation Response**

This response to the joint Ofgem reference: 137/10 and DECC URN: 10D/977 consultation is made on behalf of AREVA T&D UK Limited, now trading as Alstom Grid. We have also contributed to the Renewables UK response and broadly support the points made therein.

We do not propose to comment in detail on the entire document, but would like to highlight a few particular areas of concern, viz:

1. The NETS SQSS. We note that it is proposed to revise these to suit the offshore electricity transmission regime, and would request that these are drafted to permit a reasonable degree of flexibility to suit the many unforeseen situations that will undoubtedly arise as the regime evolves.
2. Third Package. We understand an initial interpretation from DECC is that to comply with this requirement a generator cannot transmit energy, even during commissioning. Since the transmission of electricity is an essential element of the commissioning process, it means that an OFTO has to be appointed to permit the equipment to be commissioned! In our opinion, a derogation needs to be obtained from the EU, permitting the generator to transmit power while commissioning, such that a fully proven system could be handed over to an OFTO.
3. Ring Fencing of Generation & Transmission Costs. We would re-iterate our response to the earlier consultation, i.e. that it is essential that there is ring-fencing of these individual costs to avoid any possibility of cross-subsidy. An agreed demarcation point between generation and transmission assets should be established which is applicable to all project types. Then this can be used to establish ring fencing as required and will also facilitate separate generation and transmission packages forming the overall project. Access for full auditing should be ensured. If this cannot be easily achieved then as a minimum, provide

AREVA T&D

International Sales Organisation – St Leonards Avenue – Stafford – ST17 4LX
Tel : +44 (0)1785 786202 - Fax : +44 (0)1785 786214

AREVA T&D UK Ltd – Registered Office ; St Leonards Avenue – Stafford – ST17 4LX
Registered in England No: 4955841



transparency on the price evolution of key components of the generator scope to ensure that discounts on such components do not cross subsidise bids for the Generator/OFTO scope resulting in higher cost of the construction of the generation/transmission connection than might otherwise have been achieved.

Yours sincerely,

A handwritten signature in black ink that reads 'D.B. Walker' with a horizontal line underneath the name.

David Walker
Power Generation & Renewables Sales Director
AREVA T&D