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Ofgem
Cornerstone
107 West Regent St
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DECC
3 Whitehall Place
London SW1A 2AW

26 November 2010

Dear Yvonne/Kristina,

Response to November Consultation on Enduring Regime

As one of the three preferred bidders in the first OFTO tender round, and as a company with a strong focus on offshore transmission in general, we welcome this opportunity to comment on the proposed implementation of the enduring regime for offshore transmission.

In our response to the consultation of 26 August we raised a number of strategic points regarding the long term appropriateness of generator build and the regulatory changes that would help to facilitate a move towards a situation where OFTOs would normally be responsible for the design and construction of their own assets. We hope that DECC and Ofgem understand the long term desirability of such a development and are considering how best to bring it about. Your ongoing work on the delivery of co-ordinated offshore networks would seem to be a logical place to consider this matter further, and we hope it will be addressed in next year's consultation on the subject.

We have responded, in the attached appendix, to the specific questions raised in Chapter 3 of the consultation. If you have any questions about these responses, or about the concepts we set out in our previous consultation response, please do not hesitate to contact us.

Yours sincerely,



Sean Kelly
Director

Appendix: Response to specific questions

Q3.1 Do you consider that the scope of the proposed changes to the Codes achieves our policy intent?

We believe that the proposals would achieve the immediate intent of enabling enduring-regime offshore transmission assets to be built by either the wind farm developer or by the OFTO who will subsequently own them.

We believe that as part of your ongoing work on the delivery of co-ordinated offshore networks consideration should be given to whether OFTO-build is more desirable in the long term and should be encouraged.

Q3.2 Do you consider that there are areas of the Codes where you consider that further amendments are required to deliver our proposals?

We have not identified any such areas, though we believe that standardisation of key contracts between the generator developer and OFTO would help avoid unnecessary difficulties and delays in the handover of generator-built assets to the OFTO.

Q3.3 Do the proposed changes to the Codes create unintended barriers to phased development of offshore projects?

We are concerned that generators may (perhaps unintentionally) structure staged projects in a way that makes their financing unnecessarily difficult, and Ofgem should set norms for staged projects that avoid this problem. Please contact us if you wish to discuss this issue in a more detail.

Q3.4 Do you consider that the timescale of 28 days, being proposed in clause 17 of Schedule 2, Exhibit 3A of CUSC (the Construction Agreement), for an offshore generator to provide its programme for the construction of the OTSDUW and its proposed onshore connection point is reasonable?

This period does seem unusually small. We would suggest that a longer period be chosen as a default (perhaps 3 months), with an option for generators to voluntarily reduce the period if this is necessary to achieve their target connection date.

Q3.5 Do you consider that Clause CC.6.3.2 in the Connection Conditions in the Grid Code accurately reflects the system design at the Interface Point?

The approach (i.e. requiring offshore wind farms building OFTO assets to meet the same conditions at the onshore interface point as onshore wind farms) appears to be logical.

Q3.6 We note that section K does not place an obligation on an OFTO to contribute to frequency control but that a change to CC6.3.6 a) (vi) is being proposed to require this where the generator chooses to construct its transmission assets. Do you

consider that this requirement is applicable to an offshore transmission system constructed by an offshore generator?

Q3.7: We note that the OFTO has an obligation under the STC to ensure an offshore transmission system stay connected to the NETS through faults and disturbances and that this obligation should apply to all offshore transmission systems regardless of the party that has constructed them. Do you consider that the changes being proposed in section CC6.3.15 of the Connection Conditions in the Grid Code reflect these requirements on an offshore transmission system constructed by an offshore generator?

Again, the approach taken seems logical.

Q3.8 Do you consider that the changes in CC.6.5 are applicable to an offshore transmission system constructed by an offshore generator? We note that the proposed changes to CC.6.5 place slightly more specific requirements on an OFTO than those placed on a TO by the STC, in that the STC requires the TO and the NETSO to agree the communications plant to be delivered (STC section D, part two, 10).

It may be worth adding a requirement that transmission assets built by generators should have their own independent SCADA and communications systems. We do not believe that the arrangement found on some transitional projects (i.e. transmission assets being controlled by generator-owned control systems) is acceptable for the enduring regime.

Q3.9 Do you consider that the changes being proposed in section PC.8 of the Planning Code are relevant to the Grid Code, or whether these changes are more appropriate in the CUSC?

We see no obvious reason why the proposed PC.8 would be more appropriately contained by the CUSC.

Further Point

Paragraphs 3.33 and 3.34 of the consultation paper refer to the current standards for harmonics. We believe that these should be reviewed as in their current form they create two important problems:

- i) It is not possible for a manufacturer to build equipment that complies with these standards (taken in isolation) as harmonics are not a form of “pollution” produced by users - rather they arise in a complex manner from the characteristics of the equipment owned by all users, along with the characteristics of the networks.
- ii) Because of the above there is a risk that a user (or RTL) at the point of non-compliance could be held responsible for a non-compliance that has been caused by the activity of remote users or reconfiguration of the wider network

We would be happy to explain our concerns in more detail if necessary.