

# **Joint Ofgem/DECC working group: Co-ordinated offshore transmission development**

**1 March 2011**

## **Agenda**

- 1. Welcome**
- 2. Offshore Transmission - recent developments**
- 3. Terms of Reference**
- 4. Scope of work**
- 5. Approach to work**
- 6. Charles Hendry – Ministerial remarks**
- 7. Planning for next meeting**
- 8. Close**

## **2. Offshore Transmission - recent developments**

## Background

- Government decision that offshore transmission licenses will be granted to OFTOs by competitive tender process run by Ofgem E-Serve.
- Regime developed jointly by Ofgem and DECC and designed to ensure flexibility.
- A key enabler for investment and connection of offshore wind.
- Changes to legal framework made to implement regime:
  - A) Primary legislation
  - B) Licences and Codes
  - C) Tender Regulations.
- “Go Active” achieved in summer 2009 followed, by “Go Live” in summer 2010 (for transitional purposes).
- Autumn 2010 – DECC and Ofgem implement generator build model and announce co-ordination work stream.

## Recent Developments - Transitional Tenders

### Transitional Round 1

Project	Preferred Bidder
Barrow, Gunfleet Sands, Robin Rigg, Ormonde	Transmission Capital
Thanet	Balfour Beatty
Walney I and II, Sheringham Shoal	Macquarie

### Transitional Round 2

Two tranches of projects

- Tranche A launched November 2010
- 3 projects tendered worth c. £1 billion
- QTT stage has commenced – all 8 have successfully qualified

**Humber Gateway**  
(300MW £218m)

**Race Bank**  
c.620MW c.£500m

**West Duddon**  
(374MW £255m)

**Lincs**  
(250MW £311m)

**Gwynt-y-Mor**  
(576MW £306m)

**London Array**  
(630MW £476m)



### **3. Terms of Reference**



## 4. Scope of work

## **Scope of work: Ofgem/DECC's project**

- The output of this project will be a joint Ofgem/DECC conclusions report.
- The role of this group will be to provide an input, which we will consider in the development of our report.
- Any conclusions that Ofgem and DECC draw in relation to this project will be informed by a range of evidence and analysis.
- Our assessment of any options which emerge will relate to how they perform against Ofgem and Government objectives and statutory obligations.
- Any proposals that are set out in our conclusions report, would be subject to public consultation.



## Scope of work: OTCG role?

We propose that 3 core blocks of work are undertaken:

### 1. Review of business as usual

- Will current incentives result in the development of a coordinated offshore grid in 2020?
- Identification of the barriers to the development of a coordinated offshore grid in 2020.

### 2. Asset Delivery

- Which type of 2020 grid configuration model should our policy incentives be designed to encourage, in the face of demand uncertainty?
  - Which different grid configuration models should we select to evaluate?
  - What is the feasibility of the scenarios identified with consideration to: route design, system design, system operation, technology and cost effectiveness?

### 3. Commercial and Regulatory Issues

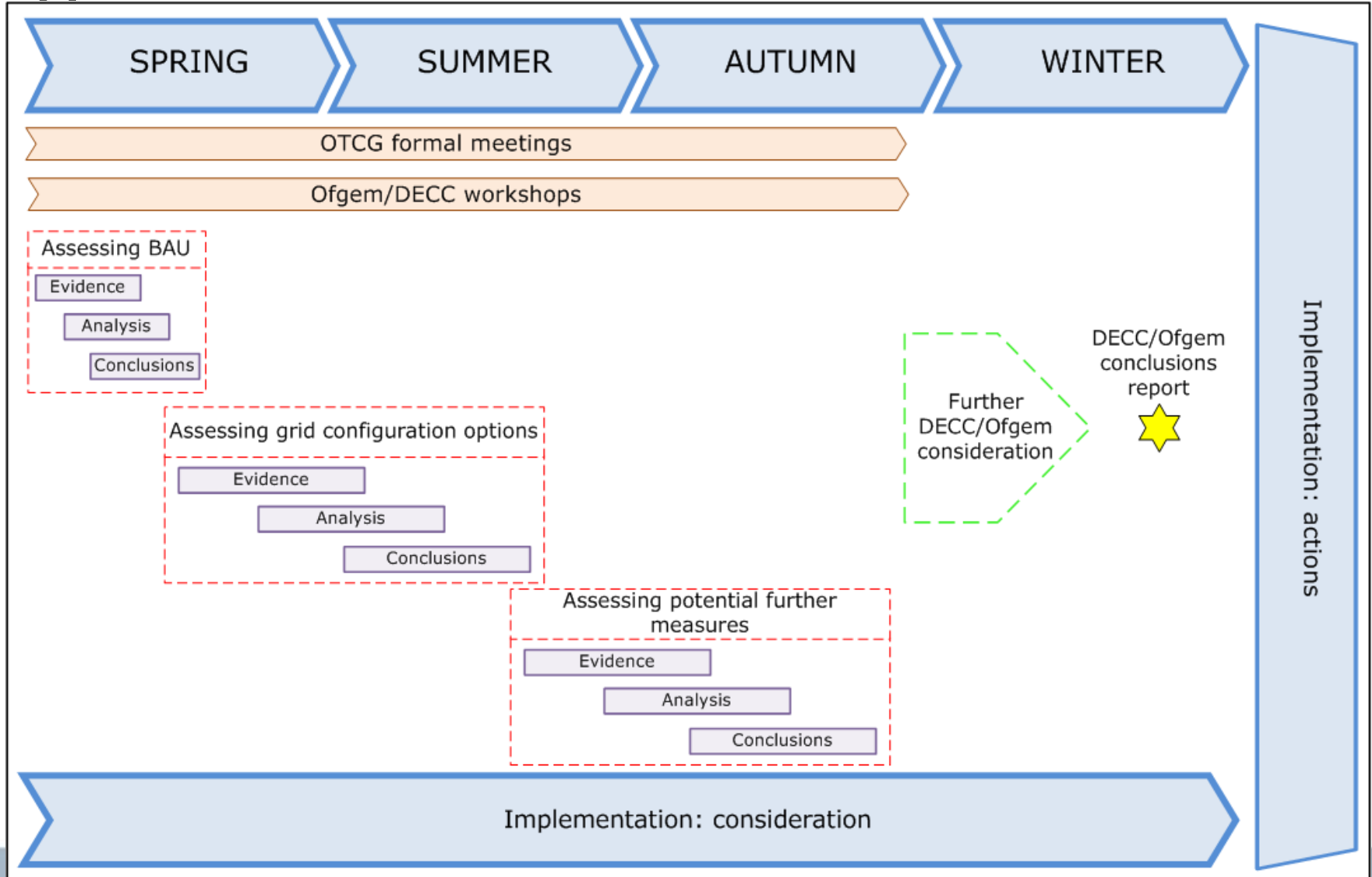
- Given 2, are any changes to offshore transmission regulation or the competitive tender process needed to help incentivise the optimum grid configuration model?

## 5. Approach to work

## Approach to work

- In progressing through the 2nd and 3rd core blocks of work, we will follow a process of:
  - Evidence gathering
  - Development of options
  - Analysis of options
  - Working up conclusions
- The OTCG will meet on a roughly 6-weekly basis to contribute to and consider the evidence and analysis as it develops, through to the Autumn
- We will use technical workshops to explore some of the finer detail. Some will involve members of the wider stakeholder community
- DECC and Ofgem will produce a conclusions report in the Winter
- Any proposals in the conclusions report would be implemented in 2012 following consultation and necessary decisions.

## Approach to work



## **6. Charles Hendry – Ministerial remarks**

## **7. Planning for next meeting**



## Wrap up and next steps

- **Homework**
  - Following today's discussion the Secretariat will be circulating an agreed list of actions for the group.
- **Meeting minutes**
  - To be published two weeks today. OTCG will be given 5 days to provide any comments on a draft version.
- **Your contact details**
  - Seeking permission to publish your details as the membership of OTCG.
- **Next meeting dates** - provisional dates for OTCG meetings:
  - w/c – 11/04
  - w/c – 23/05
  - w/c – 04/07
  - w/c – 15/08
  - w/c – 26/09

Please email  
[offshore.coordination@ofgem.gov.uk](mailto:offshore.coordination@ofgem.gov.uk) with an  
indication of your availability for these  
meetings

## **Wrap up and next steps (2)**

### **Ofgem/DECC technical workshops**

- Between formal OTCG meetings, to support project with evidence gathering / analysis / conclusions for the three core blocks of work and for consideration of implementation issues.

### **Potential workshop topics**

- Barriers and incentives under business as usual.
- Identification of a range of grid configuration options.
- Feasibility and desirability of grid configuration options.
- Identification of potential additional measures.
- Assessment of additional measures.

### **Workshop frequency/dates**

- Roughly the same frequency as OTCG meetings.
- Dates to be circulated.

### **Participants**

- Please email the address on the previous slide with names of technical experts within your organisations for invitation to workshops.

## 8. Close



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