

Preferred bidders and other interested parties

Promoting choice and value for all gas and electricity customers

Direct Dial: 020 7901 1815
Email: daniel.rock@ofgem.gov.uk

Date: 2 March 2011

Dear Colleague

Version 1 of the regulatory instructions and guidance for offshore transmission described by amended standard condition E12 – D1 of the offshore transmission licence

We have published today version 1 of the regulatory instructions and guidance (RIGs) for offshore transmission owners (OFTOs). Amended standard condition E12 – D1 (Offshore Regulatory Reporting) of the new offshore transmission licence requires certain information to be provided to the Authority. The RIGs are designed to identify the information which licensees need to provide and offer guidance on how this information should be reported. The RIGs themselves are made up of two documents:

- Section 1 of the RIGs which covers revenue and incentive reporting
- Section 2 of the RIGs which covers cost reporting

The RIGs require licensees to submit cost, revenue and incentive reporting and the reporting requirements are shown in the appendices to the above documents. To facilitate the reporting the following Excel templates are provided for licensees to fill in and return:

- The revenue and incentive reporting templates
- The cost reporting templates

Consultation responses

We consulted on the draft RIGs and in light of the consultation responses received have made several changes for inclusion in the final RIGs:

- The insurance data required in the cost reporting is less extensive than originally proposed.
- The technical data reporting has been removed from the cost reporting template. We will gather this data, as necessary, as a separate exercise.
- Formula errors have been corrected throughout.

One consultation response suggested that it may be appropriate to include more detail on some of the licence definitions surrounding outages. We considered this matter but concluded that it would be better to provide this additional guidance in a separate document. As such we will issue guidance on this matter soon.

Future development

The first reporting using the RIGs templates is due on 31 July 2011 for any OFTOs licensed before 31 March 2011. The RIGs aim to set out clearly the reporting requirements and answer common questions licensees may have when completing the reporting templates. It is inevitable, however, that there will be particular circumstances and developments which we have not foreseen and which require further discussion between licensees, bidders and Ofgem. Hence we expect that the initial round of reporting will lead to questions from the OFTOs. These questions should be addressed the Daniel Rock using the above contact details.

Yours sincerely

Stephanie McGregor
Director, Offshore Transmission