

Information Note

27 September 2011

OFGEM E-SERVE GRANTS THIRD OFFSHORE TRANSMISSION OWNER LICENCE FOR THE LINK TO BARROW WIND FARM

Ofgem E-Serve has today confirmed that TC Barrow OFTO Limited (Transmission Capital Partners) has secured a licence to operate the high voltage link to the 90 MW Barrow offshore wind farm, near Barrow-in-Furness.

TC Barrow OFTO Limited has taken over ownership of the £33.6m link from Dong Energy and Centrica, owners of the wind farm and it can now operate the link for a period of 18 and a half years. TC Barrow OFTO Limited secured the licence following a competitive tender process under the Offshore Transmission Owner (OFTO) regime, run by Ofgem E Serve. This is the third OFTO licence which Ofgem has granted under the regime. The other two licences, for the links to the Gunfleet Sands and Robin Rigg wind farms, were also granted to Transmission Capital Partners earlier this year.

The OFTO regime has now delivered almost £150m of finance into the UK offshore wind sector from new sources of funding. This signals confidence in the regime, and delivers savings that help to lower the costs of delivering energy from renewable sources.

Barrow was part of the first transitional tender round comprising £1.1 billion of offshore transmission links to nine offshore wind farms. The tender round attracted almost £4 billion of investment appetite and Ofgem E Serve expects to conclude the grant of licences for the other links in the first round over the coming year.

The second transitional tender round has four short-listed bidders competing for the first three projects to link another 1.4 GW of offshore wind farms with a total value of £1bn.

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Notes to editors

1. Press statements on the granting of the other two OFTO licences for the Gunfleet Sands and Robin Rigg transmission links were published here:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/Gunfleet%20OFTO%2019%20July%202011.pdf>

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/First%20OFTO%20press%20release.pdf>

2. The offshore regulatory regime was developed by Government and Ofgem and was launched in 2009. The regime is for licensing offshore electricity transmission and uses competitive tendering to ensure the cable connections are delivered on time and at a reasonable cost. It is the first time that Ofgem has used competitive tendering in this way. The first phase of the project involves two transitional tender rounds and opens the way for transmission licensees to own and operate transmission assets for offshore renewable projects which have been or are being constructed by the offshore generator. Subsequent tenders will be undertaken under an enduring regulatory regime which will enable Ofgem to run transmission investment tenders that allow for either:

- Offshore Transmission Owners (OFTOs) to design, build, operate and maintain the transmission assets; or
- Generators to build the transmission assets and then transfer to OFTOs under completion of construction.

3. The shortlisted bidders for the first three projects in the second transitional tender round, Gwynt y Mor, Lincs and London Array (phase 1), are

- Balfour Beatty Equitix consortium (a consortium of Balfour Beatty Capital Ltd and Equitix Ltd)
- Blue Transmission (a consortium of Macquarie Capital Group Ltd, Barclays Infrastructure Funds Management Ltd and Mitsubishi Corporation)
- National Grid Offshore Consortium (a consortium of National Grid Offshore Limited, BriTel Fund Trustees Limited, as custodian of the BT Pension Scheme, and the Universities Superannuation Scheme Limited) (this reflects a recent request from National Grid Offshore Limited for the two other entities to join them in a consortium, a request approved by Ofgem)
- Transmission Capital Partners (a consortium of Transmission Capital Partners Ltd and International Public Partnerships Ltd)

A press release detailing their selection is available here:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/OFTO%20TR2%20shortlist%20Press%20Release28April2011.pdf>

The Invitation to Tender phase for the Lincs project is currently underway.

4. Ofgem E-Serve was created in September 2009 as a new business unit focusing on delivery of Government environmental programmes and the delivery of sustainability projects such as offshore transmission. The regulatory functions of Ofgem, such as setting network price controls and monitoring the markets, continue under separate business units within the Ofgem Group.

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