

**Consent issued by the Gas and Electricity Markets Authority under paragraphs 1 and 3 of standard condition E11 (*Credit Rating of Licensee*) of the offshore transmission licence granted under section 6 of the Electricity Act 1989 to TC Barrow OFTO Ltd**

**Whereas:**

1. Transmission Capital Partners (a consortium including Transmission Capital, International Public Partnerships and Amber Infrastructure Group) was announced as the preferred bidder for the Barrow offshore transmission project on 5 August 2010.
2. On 9 September 2011 the preferred bidder became the successful bidder for the Barrow project and the Gas and Electricity Markets Authority (the "**Authority**") determined it would grant an offshore transmission licence to the successful bidder. Consequently, TC Barrow OFTO Ltd (the "**Licensee**") is the holder of an offshore transmission licence granted under section 6 of the Electricity Act 1989 (the "**Licence**").
3. Standard condition E11 (*Credit Rating of Licensee*) of the Licence (the "**Condition**") requires the Licensee to use all reasonable endeavours to ensure that it maintains at all times an investment grade issuer credit rating or such alternative financial arrangements to which the Authority has given its consent in writing.
4. On 22 February 2011 the successful bidder notified the Authority in writing that it intended to obtain alternative financial arrangements, namely an investment grade instrument credit rating from Fitch Ratings. The successful bidder requested that the Authority consent to the alternative financial arrangements proposed.

**Reasons for the Authority's consent**

5. The Authority has considered the requirements of the Condition and the extent to which the alternative arrangements proposed by the Licensee meet those requirements and the Authority considers that the Licensee is able to meet this licence requirement with the consent granted. The Authority has also considered the request in light of the Licensee's particular circumstances and the extent to which the proposed arrangements provide comfort as to the financial viability of the Licensee.
6. In particular the Authority has considered the differences between instrument and issuer ratings and the impact that they would have, for instance on the ability of the Licensee to access bond finance. The Authority considers that the proposed alternative arrangements are more appropriate to the Licensee and provide the Licensee with a proportionate and practical way of complying with the requirements of the Condition.

**The Authority hereby gives consent**

7. The Authority hereby gives consent under paragraphs 1 and 3 of the Condition for the Licensee to maintain the alternative financial arrangement of an investment grade instrument credit rating provided by Fitch Ratings in accordance with standard condition E11.

8. The Licensee shall use all reasonable endeavours to ensure that the Licensee maintains at all times the credit rating described in paragraph 7 above.
9. For the purpose of paragraph 7 above, an investment grade instrument credit rating means a credit rating with similar requirements to an issuer credit rating but which is based on the debt on a company's balance sheet rather than the bonds in issue.
10. Subject to the following paragraph, an investment grade credit rating is as defined in the Licence.
11. Should a higher rating be specified by Fitch Ratings as its lowest investment grade credit rating then that higher rating is to be taken as the relevant investment grade for the purposes of these alternative arrangements.
12. Nothing in this consent authorises the Licensee not to use all reasonable endeavours to maintain at all times the alternative financial arrangements proposed in paragraph 7 above and should the Licensee fail to use all reasonable endeavours to maintain the required credit rating this consent shall cease to have effect.

**Notice of reasons**

13. This document also constitutes a notice under section 49A of the Electricity Act of the reasons for the decision of the Authority to give this consent pursuant to the Condition.

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**Stephanie McGregor**

**Director, Offshore Transmission  
Duly authorised on behalf of the  
Gas and Electricity Markets Authority**

**27 September 2011**