

Consent issued by the Gas and Electricity Markets Authority under paragraphs 4(b)(i) and 4(b)(ii) of amended standard condition E12-C2 (Separation and Independence of the Transmission Business) of the offshore transmission licence granted under section 6 of the Electricity Act 1989 to TC Barrow OFTO Limited

Whereas

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.

1. 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 Limited (the "**Licensee**") is the holder of an offshore transmission licence granted under section 6 of the Electricity Act 1989 (the "**Licence**").
2. Amended standard condition E12-C2 (*Separation and Independence of the Transmission Business*) (the "**Condition**") of the Licence requires (except insofar that the Authority consents to a licensee not doing so) the Licensee to implement and maintain certain business separation and independence arrangements as specified in the Condition.
3. On 15 August 2011 the preferred bidder requested in advance of licence grant that the Authority consider consenting to arrangements being put in place that would enable the sharing of certain resources specified in specified in paragraph 4(b) of the Condition between the Licensee and its associated businesses.
4. The Licensee has notified the Authority that:
 - a. International Public Partnerships Limited ("the **Fund**") has an indirect 100 per cent ownership of the Licensee through International Public Partnerships Limited Partnership ("**IPPLP**").
 - b. Transmission Capital Services Limited, an indirectly wholly owned subsidiary of Transmission Capital Partners Limited Partnership, a partnership in which members of the Amber Infrastructure Group Holdings Limited group of entities hold an indirect 50 per cent interest, will be the principal contractor of the Licensee for all management services including asset management and financial management.
 - c. Members of the Amber Infrastructure Group Holdings Limited group hold minority shareholdings in the Fund and act as Fund investment advisor and operator of IPPLP.

Reasons for the Authority's consent

5. The Authority has considered the requirements of the Condition and the extent to which the 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.

6. The Authority has also considered the requirements of other related licence conditions¹ and the extent to which those requirements can be met by the Licensee if consent is granted and the Authority considers that the Licensee is able to meet its licence requirements with the consent granted.
7. The Authority considers that the arrangements consented to in paragraphs 9(a) and (b) and 10 of this Consent are necessary to enable the Licensee to conduct the transmission business in an efficient manner and do not provide the Licensee with any unfair commercial advantage.
8. The Authority further considers that the provision of this consent shall not prevent the Licensee from complying with its obligations to:
 - a. ensure that the transmission business shall not give or receive any cross subsidy;
 - b. not conduct any business or carry on any activity other than the transmission business;
 - c. secure that it does not obtain (or allow its affiliates or related undertakings² involved in our tender process to obtain) any unfair commercial advantage from the transmission business; or
 - d. uphold the managerial and operational independence of the Licensee from any associated business.

Consent

9. The Authority hereby gives consent under
 - a. paragraph 4(b)(i) of the Condition for the affiliates or related undertakings of the Licensee, specified in paragraph 10, to use or have access to:
 - (i) Premises or parts of premises occupied by the Licensee;
 - (ii) Systems of the Licensee for the recording, processing or storage of data;
 - (iii) Equipment, facilities and property employed by the Licensee; and
 - (iv) Services of persons who are engaged by the Licensee,for the purpose of management or operation of the transmission business; and
 - b. paragraph 4(b)(ii) of the Condition to enable any person who ceases to be engaged in the management or operation of the transmission business to be engaged in, or in respect of, the activities of the affiliates or related undertakings of the Licensee specified in paragraph 10.
10. For the purpose of paragraph 9(a) and (b) above, the Authority's consent is provided in respect of International Public Partnerships Limited and its affiliates. Consent is also given in respect of Amber Infrastructure Group Holdings Limited and its affiliates.

¹ These are standard condition E6 (Prohibition of cross subsidies), standard condition E7 (Restriction on Activity and Financial Ring Fencing) and amended standard condition C1 (Conduct of the Transmission Business) as specified in paragraph 1 of amended standard condition E12-C2 .

² Affiliate and related undertaking have the meaning given in the Licence.

11. Should any of the businesses specified in paragraph 10 become authorised under the Electricity Act 1989 to generate, supply, distribute or coordinate or direct the flow of electricity, this consent shall cease to have effect.
12. For the purpose of the consent set out in paragraphs 9(a) and (b), the Licensee is not authorised to obtain, nor allow any affiliate or related undertaking or staff from any affiliate or related undertaking to obtain, an unfair commercial advantage from having shared access or use of the resources specified in paragraphs 9(a) and (b).
13. Nothing in this consent authorises the Licensee not to have in place a statement approved by the Authority describing the practices, procedures and systems which the Licensee has adopted (or intends to adopt) to secure compliance with the Condition and should the Licensee fail to have in place the approved statement 30 days after licence grant (or such other time directed by the Authority in accordance with paragraph 2 of the Condition) this consent shall cease to have effect.
14. Nothing in this consent authorises the Licensee not to maintain at all times the appropriate systems of control and governance required by the Licence which are necessary to ensure compliance with the obligations contained in the Condition and should the Licensee fail at any time to maintain the required systems of control and governance, this consent shall cease to have effect.

Notice of reasons

15. 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

Date: 27 September 2011