

## THE ELECTRICITY ACT 1989

### NOTICE UNDER SECTION 49A OF REASONS FOR MODIFICATION OF THE OFFSHORE TRANSMISSION LICENCE

#### THE TRANSMISSION LICENCE OF TC BARROW OFTO LIMITED

1. The Gas and Electricity Markets Authority (the 'Authority') granted an offshore transmission licence (the 'Licence') under section 6(1)(b) of the Electricity Act 1989 (the 'Act') to TC Barrow OFTO Limited (company number 07384547) (the 'Licensee') whose registered office is at TC Barrow OFTO Limited, Two London Bridge, London, SE1 9RA, United Kingdom on 26 September 2011, authorising it to participate in the transmission of electricity.
2. A copy of the Licence is available from the Ofgem Library, 9 Millbank, London, SW1P 3GE (020 7901 7003) or by email from [library@ofgem.gov.uk](mailto:library@ofgem.gov.uk), or can be obtained from the electronic Public Register at <http://epr.ofgem.gov.uk/>.
3. In granting the Licence the Authority modified the standard conditions of the Licence and the modifications (as proposed) are set out in the Notice under section 8A(3) of the Act that was published on the Ofgem website at <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=3&refer=Networks/offtrans/rott/barrow> on 8 August 2011.
4. In summary the reasons for the modifications are, in relation to:
  - (a) standard condition A1 (Definitions and interpretation): to ensure that onshore and offshore transmission licensees are treated consistently, by ensuring that the definition of "consolidated transmission business" in paragraph 1 includes a reference to standard condition E2 (Regulatory Accounts) which requires the Licensee to prepare and publish accounts and maintain accounting and other records;
  - (b) standard condition A1: to ensure that onshore and offshore transmission licensees are treated consistently by ensuring that paragraph 11(a)(ii) refers to standard condition A6 (Application of Section E);
  - (c) standard condition E12 (Not Used): to omit from the Licence that standard condition which is "Not Used" and instead to add to the Licence amended standard conditions E12 - A1 (Definitions and interpretation) to E12 - J10 (Excluded Services) which provide for the revenue entitlement, performance incentives, business separation requirements, regulatory reporting and other requirements and obligations on the Licensee; and
  - (d) standard condition E13 (System Operation – Transmission Owner Code): to ensure that, if a direction under paragraph 5 of standard condition E13 is issued, a reference to a special condition A1 to J10 in the STC or the STC Framework Agreement shall be read in relation to the Licence so as to be consistent with the relevant reference to any of amended standard conditions E12 - A1 to E12 - J10 of the Licence,

these reasons being set out in documents published on behalf of the Authority including:

- (i) Cover letter - version 0.7 of the draft generic Offshore Transmission Owner Licence, October 2010;

- (ii) Consultation letter on version 0.6 of the draft generic Offshore Transmission Owner Licence, September 2010;
  - (iii) Generic Offshore Transmission Owner (OFTO) special licence conditions (version 0.5), guidance note and licence model, March 2010;
  - (iv) Offshore Electricity Transmission: Final Statement on the Competitive Tender Process, 71/09, June 2009;
  - (v) Overview of Great Britain's Offshore Electricity Transmission Regulatory Regime - joint DECC-Ofgem statement, 67/09, June 2009; and
  - (vi) Offshore Electricity Transmission – A Joint Ofgem/DECC Regulatory Policy Update, 153/08, November 2008.
5. We received one representation from the Licensee. The Licensee identified that the equation for PR<sup>19</sup>, which appears in paragraph 4 of amended standard condition E12-J2, restricted the revenue entitlement to 18 years worth of revenue over an 18.5 year period. It was clear however that when considering the proposed modification as a whole and the cover letter published with the modification notice, the intent was for the Licensee to receive 18.5 years worth of revenue over an 18.5 year period.
6. In response to the representation described in paragraph 5 of this notice, we have updated the equation for PR<sup>19</sup> in the modified licence by adding "+0.5" to that equation. This ensures that the Licensee will receive 18.5 years worth of revenue entitlement over an 18.5 year period as intended.
7. The Authority is of the opinion that the proposed modifications would not cause the Licensee to be unduly disadvantaged in competing with other transmission licence holders and would not cause any other transmission licence holder to be unduly disadvantaged in competing with other holders of transmission licences (including the Licensee).
8. This document constitutes the Notice under section 49A of the Act of the reasons for the Authority's decision to modify the Licence.

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**Stephanie McGregor**  
**Director, Offshore Transmission**

**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**Date: 26 September 2011**