

To all with an interest in offshore
electricity transmission

*Promoting choice and value for
all gas and electricity customers*

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Dear colleague,

Information about future offshore projects

Offshore Electricity Transmission

As you will be aware, Ofgem and the Department of Energy and Climate Change (DECC) have developed a regulatory regime for offshore electricity transmission. A key part of the regime is that offshore electricity transmission licences will be granted to an Offshore Transmission Owner (OFTO) following a competitive tender process run by Ofgem. The legal framework for the offshore electricity transmission regime was established in June 2009 and the current Tender Regulations came into effect in July 2010¹. The regime is being delivered in two parts: a transitional and an enduring regime. Ofgem is currently appointing OFTOs under the transitional regime², for transmission assets valued at ca £3bn.

Enduring regime

Going forward, transmission assets within over 20 sites or zones licensed by the Crown Estate are likely to qualify for the enduring regime. On 16 December 2011 we published a consultation³ on proposed refinements to the enduring regime to ensure sustained investment and lower costs of delivering energy from renewable sources, while maintaining sufficient flexibility to meet the evolving requirements of offshore transmission users. The consultation focuses in particular on our proposed approach to running OFTO build and Generator build tender exercises under the enduring regime. If you have not yet had an opportunity to respond, we would welcome comments on all issues in the consultation, although particular issues on which we are seeking feedback are highlighted in the relevant chapters of the document. The deadline for responses is 17 February. We are also holding a stakeholder briefing event on the enduring regime on 9 February, details of which were sent by email on 13 January.

Following consideration of responses to the consultation we expect to publish our latest position on the Generator build and OFTO build options, and to consult on outstanding issues of relevance to the enduring regime, in spring 2012. In addition, we anticipate that a number of associated documents will need to be refined to ensure implementation of the enduring regime, including the Tender Regulations, tender process documentation and the OFTO licence, and we expect to take forward work on these areas during the course of 2012.

¹ The Electricity (Competitive Tenders for Offshore Transmission Licences) Regulations 2010.

² Transitional projects must meet the qualifying project requirements set out by the Tender Regulations by 31 March 2012. Projects that do not meet these requirements by this date will be subject to the enduring regime.

³ Offshore Electricity Transmission: Consultation on tender exercises under the enduring regime, December 2011, Ofgem ref: 178/11.

Project information

To inform our work on the enduring regime, we are seeking to update our understanding of generators' plans for future offshore transmission projects. This builds on the information provided in response to our letter of February 2011⁴ and during subsequent bi-lateral meetings during 2011. Having access to up to date information will be critical to ensuring the tender process is designed and implemented in the most timely and appropriate way to meet the needs of future projects.

To take this forward, we request that you fill in the attached table with information on your project plans. Please complete a separate table for each project as appropriate. In order to most helpfully feed into our internal planning, we ask that you return the attached table by Wednesday 29 February. In addition, it may be helpful to provide us with high level project plans where possible to further inform our understanding of your projects. Please note that any information provided will be used for internal planning purposes only and will be kept confidential. Furthermore, the provision of this information will not be considered binding – we are seeking to understand your current thinking in this area.

We would also be happy to discuss your project plans with you in the context of the enduring regime. In order to arrange such a meeting, or if you have any questions about this letter, please contact me or my colleague James Norman (james.norman@ofgem.gov.uk, 0207 901 7420) in the first instance.

We look forward to hearing from you.

Yours sincerely,



Giedre Kaminskaite-Salters
Head of Enduring Policy Implementation, Offshore Transmission

⁴ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=2&refer=Networks/offtrans/pdc/cdr/Cons2011>