

# Information Note

10 July 2012

## **OFGEM E-SERVE GRANTS OFFSHORE TRANSMISSION LICENCE FOR LINK TO ORMONDE WIND FARM**

TC Ormonde OFTO Limited, an entity incorporated by the consortium Transmission Capital Partners (TCP), has been granted a licence by Ofgem E-Serve to own and operate the transmission link to the Ormonde wind farm. The TCP consortium are comprised of Transmission Capital, Amber Infrastructure Group and International Public Partnerships (INPP).

TCP was appointed by Ofgem E-Serve to take over ownership of the link from Ormonde Energy Limited (a wholly owned subsidiary of Vattenfall) following a competitive tender delivered by Ofgem E-Serve under the Offshore Transmission Owner (OFTO) regime. As part of the licence grant process TCP are buying the link from Vattenfall for £103.9m (the assessed transfer value) with 100% of the funding being provided by INPP, a shareholder in the project.

The OFTO licence for Ormonde is the fourth to be granted to the TCP consortium, and it is the fifth to be granted overall under the first transitional tender round. This is an important milestone, taking Ofgem E-Serve past the halfway mark on the number of OFTO licences granted following the appointment of preferred bidders for the nine projects in the first round. Ofgem E-Serve expects the remaining four projects in this tender round to conclude during 2012.

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## Notes to editors

1. This transaction is so far the second largest to reach financial close in tender round 1 of the OFTO regime. TCP will now be able to operate the link to the 150MW wind farm in the East Irish sea for 20 years.
2. Ofgem E-Serve recently selected TCP as the preferred bidder for the first of the three tender round 2a projects: the Lincs project, an offshore transmission link to the 270MW Lincs wind farm 8km out from Skegness on the East coast of England, with an estimated transfer value of £283m.
3. Previously granted are licences for ownership of links to the Barrow, Gunfleet Sands, Robin Rigg and Walney 1 wind farms. All licences granted so far are part of the first transitional tender round, which comprises £1.1 billion of offshore transmission links to nine offshore wind farms. This tender round attracted almost £4 billion of investment appetite.
4. Press statements on the granting of the other four OFTO licences for the Barrow, Gunfleet Sands, Robin Rigg and Walney 1 transmission links are available here:  
<http://www.ofgem.gov.uk/Media/PressRel/Documents1/Walney%20OFTO.pdf>  
[http://www.ofgem.gov.uk/Media/PressRel/Documents1/barrow%20OFTO%20licence%20grant\\_9\\_2011.pdf](http://www.ofgem.gov.uk/Media/PressRel/Documents1/barrow%20OFTO%20licence%20grant_9_2011.pdf)  
<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>
5. 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 that 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 licencees 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 regime which will enable Ofgem to run transmission investment tenders 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 them to OFTOs at construction completion.
6. The second transitional tender round comprises two phases: tender round 2a, for which Ofgem has short-listed four bidders competing for three projects to link further wind farms to the mainland, comprising a total value of £1.0 billion; and tender round 2b, for which a tender process has yet to be commenced with bidders competing for one project – a link to the West of Duddon Sands wind farm, valued at £255m.
7. 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 Ltd, BriTel Fund Trustees Ltd, as custodian of the BT Pension Scheme, and the Universities Superannuation Scheme Ltd)
- Transmission Capital Partners (a consortium of Transmission Capital Partners Ltd and International Public Partnerships Ltd).

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