

BY EMAIL ONLY

Martin Crouch
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Office of Gas and Electricity Markets
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2nd November 2012

Dear Martin

Draft Electricity (Competitive Tenders for Offshore Transmission Licences) Regulations 2012

Transmission Capital Partners holds four of the six offshore transmission licences awarded to date and we are intending to take part in all foreseeable future tenders for both generator-build ("transitional tender exercises") and OFTO-build ("other tender exercises").

As such we have reviewed the draft Electricity (Competitive Tenders for Offshore Transmission Licences) Regulations 2012 with interest and we are pleased to say that we have no specific comments to make on the drafting of the regulations.

We are very supportive in general of the tender process being implemented by Ofgem and consider the draft regulations to give proper effect to the final policy positions set out in your open letter dated 10th September 2012. We support in particular the changes made in the draft regulations to:

- Not require the QTT stage of a tender exercise;
- Allow cost recovery of ITT bid costs for an OFTO build tender exercise;
- Provide greater incentives to developers to facilitate those matters required to be completed to allow for licence award at PB stage.

We note that other matters such as refinancing, revenue period term and indexation will be dealt with through possible changes to the offshore transmission licence. We remain concerned that the regime is designed so as to achieve best value for money for the consumer, particularly in light of changing capital markets, and would welcome the opportunity to discuss these issues with you further.

Yours sincerely



Chris Veal
Managing Director