

Ian Marlee
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Ofgem
9 Millbank
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14th December 2012

By email

Dear Ian,

**RE: Open letter: update on the Integrated Transmission Planning and Regulation (ITPR)
Project – request for further views and evidence**

Thank you for the opportunity to respond to your open letter. This non-confidential response reflects the views of the Centrica group of companies, excluding Centrica Storage.

ITPR is potentially a very broad scope project. We note from your open letter that the issues currently being examined range from transmission regime interfaces (e.g. offshore, onshore, interconnector and multi-purpose asset boundaries) to more general issues of parties' obligations and incentives around network planning. Further, we note your comment that *"identification of [the issues in the open letter] does not prejudge any subsequent policy direction.... and we welcome stakeholders raising further issues"*.

We appreciate that Ofgem is looking to validate the scope of the ITPR project. However, it is difficult to assess the breadth and depth of regulatory change Ofgem is contemplating.

We intend to respond more fully to your planned spring consultation which we understand will contain high level policy options and initial analysis. This content will be a helpful indicator of Ofgem's initial intentions for ITPR and will allow stakeholders to provide more substantive comment.

In the meantime, we would make the following observations on ITPR, particularly in our capacity as a major offshore wind developer in GB.

- Offshore wind projects are becoming ever more complex as their scale increases in response to GB's 2020 renewables target.

- The next generation of GB offshore wind projects seeking FID will require unprecedented levels of financial commitment from developers.
- Developers need confidence that their grid connections will (i) be deliverable on time (ii) be capex efficient and (iii) allow sufficient flexibility to optimise financing, contractual protections and construction arrangements.
- To the extent that ITPR anticipates change to offshore transmission regulatory arrangements, Ofgem needs to fully take account of the above preconditions for ongoing major investment in offshore wind when developing policy proposals.

We look forward to your spring consultation, where we anticipate we will be in a position to provide more substantive comment on ITPR. We would welcome clarity in the spring consultation on whether regulatory change to offshore transmission arrangements is in scope and the timescales anticipated for any policy conclusions to be implemented.

Yours sincerely,

Tim Collins

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